



Single Audit Report  
June 30, 2020

# State of Nevada



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## Independent Auditor's Report

The Honorable Catherine Byrne, CPA  
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, 2020, 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 Nevada System of Higher Education, which is a discretely presented component unit, represent 97.54 percent of assets and deferred outflows of resources, 99.57 percent of net position, and 97.64 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 2.25 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 58.36 percent of the assets and deferred outflows of resources, 58.98 percent of the net position and 28.70 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 35.69 percent of the assets and deferred outflows of resources, 36.67 percent of the net position and 22.49 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.

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 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.

**Basis for Qualified Opinion on the Government-Wide Governmental Activities, General and Highway Funds – Inventory**

We were unable to obtain sufficient appropriate audit evidence on the State’s government-wide governmental activities inventory as it relates to the general fund donated personal protective equipment inventory nor the highway fund stockpile inventory. As a result, we were unable to determine whether additional adjustments were necessary on the State’s governmental activities inventory as it relates to the general fund donated personal protective equipment inventory nor the highway fund stockpile inventory.

**Qualified Opinion on the Government-Wide Governmental Activities, General and Highway Funds – Inventory**

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion paragraph, 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, 2020, 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 discussed in Note 19 to the financial statements, the State of Nevada has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position as of July 1, 2019. 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 errors in unemployment benefits payable and other postemployment benefit deferred outflows of resources - implicit subsidy which resulted in a restatement of net position as of July 1, 2019. 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 4 through 13, 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 87 through 95 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2021, 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.



Reno, Nevada  
May 21, 2021



## MANAGEMENT'S DISCUSSION AND ANALYSIS

State of Nevada management provides this discussion and analysis of the State of Nevada's Annual Comprehensive Financial Report (ACFR) for readers of the State's financial statements. This narrative overview and analysis of the financial activities of the State of Nevada is for the fiscal year ended June 30, 2020. 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 \$10.9 billion (reported as net position). Of this amount, \$9.6 billion is net investment in capital assets and \$3.2 billion is restricted for specific uses, neither of which are available to meet the State's general obligations, and a negative \$1.9 billion is reported as an unrestricted deficit, which indicates that no funds are available for discretionary purposes.
- The State's total net position decreased by \$379.7 million or 3.4% over the prior year, after restatement. Net position of governmental activities increased by \$469.5 million or 5.6%, after restatement. Net position of business-type activities decreased by \$849.2 million or 30.6%, after restatement. Beginning net position of governmental activities was restated for an increase of \$6.8 million to record the other post-employment benefit plan implicit subsidy, previously not recorded. Beginning net position of business-type activities was restated for a decrease of \$1.9 million for a change in methodology for calculating unemployment benefits that resulted in higher claims expense.

#### Fund-level:

- The State's governmental funds reported combined ending fund balances of \$2.3 billion, an increase of \$73.4 million from the prior year. Of the ending fund balance, \$436.6 million is nonspendable, \$725.5 million is restricted, \$1.1 billion is committed, \$13.9 million is assigned, and \$33.0 million is unassigned.
- The State's enterprise funds reported combined ending net position of \$1.9 billion, a decrease of \$850.0 million from the prior year, after restatement. Of the ending net position, \$5.6 million is net investment in capital assets, \$1.9 billion is restricted, and \$59.3 million is unrestricted.

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

- The State's capital assets, net of depreciation, increased by \$279.2 million or 2.6%.
- The State's total bonds payable and certificates of participation payable increased by \$195.2 million or 6.8%.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### Government-wide Financial Statements:

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

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

The *statement of activities* presents information showing how the State's net position changed during the most recent fiscal year. The statement reveals how much it costs the State to provide its various services, and whether the services cover their own costs through user fees, charges, grants, or are financed with taxes and other general revenues. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of cash flows. Therefore, some revenue and expenses reported in this statement will not result in cash flows until future fiscal periods (e.g., uncollected taxes earned and unused leave).

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

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

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

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

### **Fund Financial Statements:**

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

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

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

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

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

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

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

### **Required Supplementary Information:**

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

## Other Supplementary Information:

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

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

The State's overall financial position and operations for the fiscal years ended June 30, 2020 and 2019, 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
	2020	2019	2020	2019	2020	2019	2020-2019
<b>Assets</b>							
Current and other assets	\$ 5,899,978	\$ 5,145,385	\$ 4,345,062	\$ 3,759,518	\$ 10,245,040	\$ 8,904,903	\$ 1,340,137
Net capital assets	11,038,620	10,758,896	13,036	13,597	11,051,656	10,772,493	279,163
<b>Total assets</b>	<u>16,938,598</u>	<u>15,904,281</u>	<u>4,358,098</u>	<u>3,773,115</u>	<u>21,296,696</u>	<u>19,677,396</u>	<u>1,619,300</u>
<b>Deferred outflows of resources</b>	505,302	472,363	8,695	8,237	513,997	480,600	33,397
<b>Liabilities</b>							
Other liabilities	2,802,463	2,194,929	1,210,547	52,561	4,013,010	2,247,490	1,765,520
Non-current liabilities	5,436,690	5,491,932	1,227,133	951,333	6,663,823	6,443,265	220,558
<b>Total liabilities</b>	<u>8,239,153</u>	<u>7,686,861</u>	<u>2,437,680</u>	<u>1,003,894</u>	<u>10,676,833</u>	<u>8,690,755</u>	<u>1,986,078</u>
<b>Deferred inflows of resources</b>	269,229	223,765	4,949	4,068	274,178	227,833	46,345
<b>Net position</b>							
Net investment in capital assets	9,581,627	9,309,140	5,627	5,834	9,587,254	9,314,974	272,280
Restricted	1,309,935	1,215,626	1,858,847	2,734,062	3,168,782	3,949,688	(780,906)
Unrestricted (deficit)	(1,956,044)	(2,058,748)	59,690	33,494	(1,896,354)	(2,025,254)	128,900
<b>Total net position</b>	<u>\$ 8,935,518</u>	<u>\$ 8,466,018</u>	<u>\$ 1,924,164</u>	<u>\$ 2,773,390</u>	<u>\$ 10,859,682</u>	<u>\$ 11,239,408</u>	<u>\$ (379,726)</u>

## Net Position:

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The State reported net position of \$10.9 billion at the end of 2020, compared with \$11.2 billion at the end of the previous year.

The largest portion of the State's net position (\$9.6 billion) 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 (\$3.2 billion) represents resources that are subject to external restrictions on how they may be used. At the close of the fiscal year, the State reported an unrestricted net position deficit of \$1.9 billion as compared to a \$2.0 billion deficit in the prior year. The governmental activities and business-type activities components of the unrestricted net position deficit are discussed below.

The unrestricted net position deficit in governmental activities decreased by \$102.7 million; from a deficit of \$2.1 billion to a deficit of \$2.0 billion. Changes in governmental activities were a result of several factors, including an increase in the unrestricted fund balance of the General Fund and other governmental funds of \$26.6 million and \$1.7 million, respectively, and an increase of \$45.4 million in deferred inflows of resources for unrestricted and unavailable revenue recognized as revenue in the government-wide statement of activities. In business-type activities, the unrestricted net position increased by \$26.2 million from a net position of \$33.5 million to a net position of \$59.7 million. The increase is primarily due to an increase in the unrestricted net position of the Housing Division fund in the amount of \$24.7 million and an increase in the unrestricted net position of the Self-Insurance Fund in the amount of \$26.5 million.

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

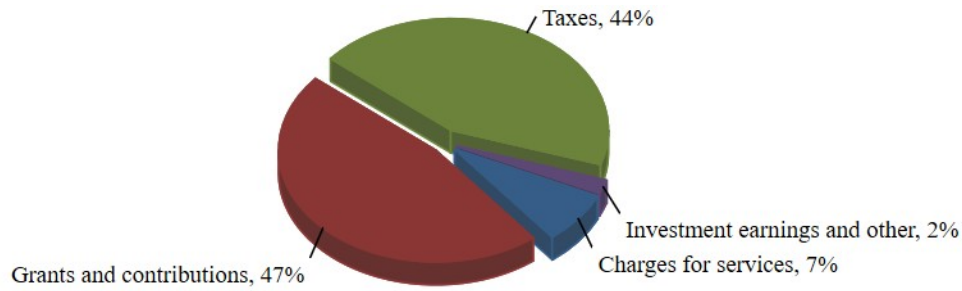
	Governmental Activities		Business-type Activities		Total		Total Change
	2020	2019	2020	2019	2020	2019	2020-2019
<b>Revenue</b>							
Program revenue							
Charges for services	\$ 898,813	\$ 919,023	\$ 142,867	\$ 135,853	\$ 1,041,680	\$ 1,054,876	\$ (13,196)
Operating grants and contributions	5,592,299	5,521,790	3,952,488	97,884	9,544,787	5,619,674	3,925,113
Capital grants and contributions	27,732	42,688	-	-	27,732	42,688	(14,956)
General revenues:							
Gaming taxes	868,899	953,711	-	-	868,899	953,711	(84,812)
Sales and use taxes	1,502,046	1,473,990	-	-	1,502,046	1,473,990	28,056
Modified business taxes	666,232	640,552	-	-	666,232	640,552	25,680
Insurance premium taxes	450,749	422,106	-	-	450,749	422,106	28,643
Lodging taxes	157,099	208,477	-	-	157,099	208,477	(51,378)
Cigarette taxes	156,695	164,393	-	-	156,695	164,393	(7,698)
Commerce taxes	206,609	227,431	-	-	206,609	227,431	(20,822)
Property and transfer taxes	294,656	284,615	-	-	294,656	284,615	10,041
Motor and special fuel taxes	315,659	327,475	-	-	315,659	327,475	(11,816)
Other taxes	606,474	579,536	677,006	684,984	1,283,480	1,264,520	18,960
Unrestricted investment earnings	45,763	37,983	-	-	45,763	37,983	7,780
Other general revenues	192,497	216,122	1	-	192,498	216,122	(23,624)
<b>Total revenue</b>	<b>11,982,222</b>	<b>12,019,892</b>	<b>4,772,362</b>	<b>918,721</b>	<b>16,754,584</b>	<b>12,938,613</b>	<b>3,815,971</b>
<b>Expenses</b>							
General government	262,522	392,170	-	-	262,522	392,170	(129,648)
Health services	4,275,154	4,391,281	-	-	4,275,154	4,391,281	(116,127)
Social services	1,886,634	1,699,099	-	-	1,886,634	1,699,099	187,535
Education - K-12 state support	1,803,605	1,595,968	-	-	1,803,605	1,595,968	207,637
Education - K-12 administrative	638,858	606,585	-	-	638,858	606,585	32,273
Education - higher education	696,982	672,643	-	-	696,982	672,643	24,339
Law, justice and public safety	865,199	711,961	-	-	865,199	711,961	153,238
Regulation of business	312,520	332,615	-	-	312,520	332,615	(20,095)
Transportation	553,452	483,718	-	-	553,452	483,718	69,734
Recreation and resource development	184,811	183,102	-	-	184,811	183,102	1,709
Interest on long-term debt	71,861	75,913	-	-	71,861	75,913	(4,052)
Unallocated depreciation	2,439	2,306	-	-	2,439	2,306	133
Unemployment insurance	-	-	5,474,096	281,191	5,474,096	281,191	5,192,905
Housing	-	-	35,647	27,805	35,647	27,805	7,842
Water loans	-	-	5,758	4,361	5,758	4,361	1,397
Workers' compensation and safety	-	-	42,469	34,563	42,469	34,563	7,906
Higher education tuition	-	-	11,167	8,046	11,167	8,046	3,121
Other	-	-	32,632	31,919	32,632	31,919	713
<b>Total expenses</b>	<b>11,554,037</b>	<b>11,147,361</b>	<b>5,601,769</b>	<b>387,885</b>	<b>17,155,806</b>	<b>11,535,246</b>	<b>5,620,560</b>
Change in net position before contributions to permanent funds, special items and transfers	428,185	872,531	(829,407)	530,836	(401,222)	1,403,367	(1,804,589)
Contributions to permanent funds	16,589	8,259	-	-	16,589	8,259	8,330
Transfers	17,929	12,121	(17,929)	(12,121)	-	-	-
<b>Change in net position</b>	<b>462,703</b>	<b>892,911</b>	<b>(847,336)</b>	<b>518,715</b>	<b>(384,633)</b>	<b>1,411,626</b>	<b>(1,796,259)</b>
Net position - beginning of year	8,466,018	4,453,993	2,773,390	2,254,675	11,239,408	6,708,668	4,530,740
Net position restatement	6,797	3,119,114	(1,890)	-	4,907	3,119,114	(3,114,207)
Net position - beginning of year (as restated)	8,472,815	7,573,107	2,771,500	2,254,675	11,244,315	9,827,782	1,416,533
<b>Net position - end of year</b>	<b>\$ 8,935,518</b>	<b>\$ 8,466,018</b>	<b>\$ 1,924,164</b>	<b>\$ 2,773,390</b>	<b>\$ 10,859,682</b>	<b>\$ 11,239,408</b>	<b>\$ (379,726)</b>

**Changes in Net Position:**

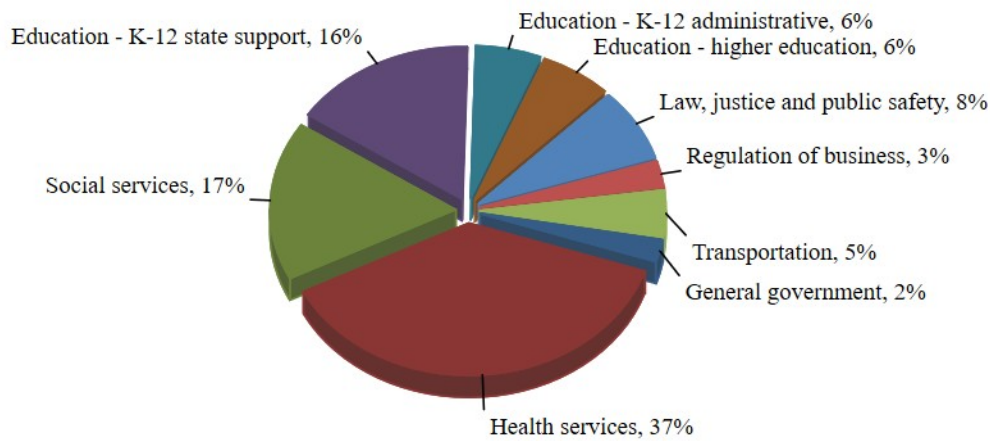
Total government-wide revenues increased by \$3.8 billion during the current year. The increase in revenues is a result of several factors, including increases of \$3.9 billion in federal funding, \$28.1 million in sales and use taxes, and \$28.6 million in insurance premium taxes.

*Governmental activities* – The current year net position increased by \$462.7 million. Approximately 43.6% of the total revenue came from taxes, while 46.9% was in the form of grants and contributions (including federal aid). Charges for various goods and services provided 7.5% of the total revenues (see chart following). The State's governmental activities expenses cover a range of services and the largest expenses were 37.2% for health services, 16.4% for social services, and 15.7% for state support of K-12 education (see chart following). In 2020, governmental activities expenses exceeded program revenues, resulting in the use of \$5.0 billion in general revenues, which were generated to support the government.

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



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



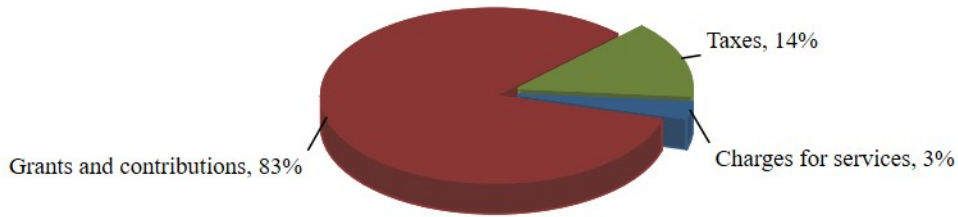
The following table depicts the total program revenues and expenses for each function of governmental activities:

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

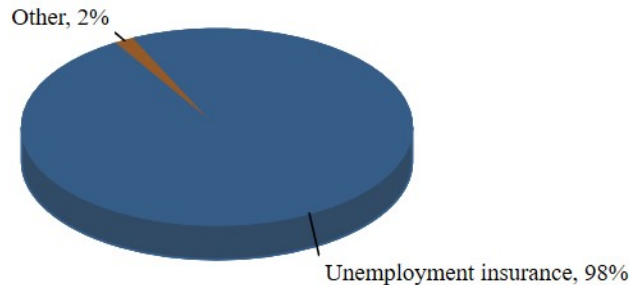
	<b>Expenses</b>	<b>Revenues</b>
General government	\$ 262,522	\$ 339,072
Health services	4,275,154	3,483,536
Social services	1,886,634	1,273,238
Education - K-12 state support	1,803,605	5,680
Education - K-12 administrative	638,858	300,329
Education - higher education	696,982	-
Law, justice and public safety	865,199	333,407
Regulation of business	312,520	269,114
Transportation	553,452	414,454
Recreation and resource development	184,811	99,378
<b>Total</b>	<b>\$ 11,479,737</b>	<b>\$ 6,518,208</b>

*Business-type activities* – The current year net position decreased by \$847.3 million. Approximately 14.2% of the total revenue came from taxes, while 82.8% was in the form of grants and contributions (including federal aid). Charges for various goods and services provided 3.0% of the total revenues (see chart following). The State’s business-type activities expenses cover a range of services. The largest expenses were 97.7% for unemployment compensation (see chart following). In 2020, business-type activities expenses exceeded program revenues by \$1.5 billion. Of this amount, unemployment compensation was the largest, with net expenses of \$1.6 billion, 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)

	<b>Expenses</b>	<b>Revenues</b>
Unemployment insurance	\$ 5,474,096	\$ 3,907,045
Housing	35,647	45,366
Water loans	5,758	28,976
Workers' compensation and safety	42,469	54,430
Higher education tuition	11,167	24,590
Other	32,632	34,948
<b>Total</b>	<b>\$ 5,601,769</b>	<b>\$ 4,095,355</b>

The State's overall financial position declined over the past year. Current year operations resulted in a \$462.7 million increase in the net position of the governmental activities and an \$847.3 million decrease in the net position of the business-type activities. Key economic indicators from the State's sales and other taxes show a decline. Tax revenues for governmental activities decreased in the current fiscal year by \$57.2 million or 1.1% compared to an increase of \$318.1 million or 6.4% in the prior fiscal year. Operating grants and contributions for governmental activities increased by \$70.5 million primarily due to Grant revenues.

**FINANCIAL ANALYSIS OF THE STATE'S FUNDS**

**Governmental Funds:**

As of the end of the current fiscal year, the State's governmental funds reported combined ending fund balances of \$2.3 billion, an increase of \$73.4 million from the prior year. Of these total ending fund balances, \$436.6 million or 18.8% is nonspendable, either due to its form or legal constraints, and \$725.5 million or 31.3% is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. An additional \$1.1 billion or 47.8% of total fund balance has been committed to specific purposes. Committed amounts cannot be used for any other purpose unless approved by the Legislature. NRS 353.288



provides for the Account to Stabilize the Operation of the State Government (Stabilization Account) in the State General Fund. Additions to the stabilization arrangement are triggered at the end of a fiscal year if the General Fund unrestricted fund balance (budgetary basis) exceeds 7% of General Fund operating appropriations. Forty percent of the excess is deposited to the Stabilization Account, and is classified on the balance sheet as committed for fiscal emergency. In addition, 1% of the total anticipated revenue for the fiscal year, as projected by the Economic Forum, is deposited to the Stabilization Account. Expenditures may occur if actual revenues for the biennium fall short by 5% or more from anticipated revenues, if the Legislature and Governor declare that a fiscal emergency exists, or if the Legislature allocates it to be used for any other purpose. The balance in the Stabilization Account committed for fiscal emergency at June 30, 2020, is \$97.5 million. An additional \$13.9 million or 0.6% of total fund balance is assigned. The remaining positive \$33.0 million or 1.4% 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 \$804.8 million compared to \$808.7 million in the prior fiscal year. The fund balance decreased by \$3.9 million or 0.5% over the previous year.

The following schedule presents a summary of revenues of the General Fund for the fiscal years ended June 30, 2020 and 2019 (expressed in thousands). Other financing sources are not included.

	General Fund Revenues (expressed in thousands)					
	2020		2019		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
Gaming taxes, fees, licenses	\$ 856,817	8.3 %	\$ 941,144	9.0 %	\$ (84,327)	(9.0)%
Sales taxes	1,493,718	14.5 %	1,465,518	14.1 %	28,200	1.9 %
Modified business taxes	642,603	6.2 %	640,375	6.2 %	2,228	0.3 %
Insurance premium taxes	450,739	4.4 %	422,512	4.1 %	28,227	6.7 %
Lodging taxes	138,011	1.3 %	183,398	1.8 %	(45,387)	(24.7)%
Cigarette taxes	156,695	1.5 %	164,393	1.6 %	(7,698)	(4.7)%
Commerce taxes	204,984	2.0 %	226,770	2.2 %	(21,786)	(9.6)%
Property and transfer taxes	103,065	1.0 %	104,431	1.0 %	(1,366)	(1.3)%
Motor and special fuel taxes	2,190	0.0 %	2,289	0.0 %	(99)	(4.3)%
Other taxes	431,521	4.2 %	434,980	4.2 %	(3,459)	(0.8)%
Intergovernmental	5,273,127	51.2 %	5,246,960	50.4 %	26,167	0.5 %
Licenses, fees and permits	379,279	3.7 %	388,527	3.7 %	(9,248)	(2.4)%
Sales and charges for services	67,688	0.7 %	70,008	0.7 %	(2,320)	(3.3)%
Interest and investment income	49,745	0.5 %	44,986	0.4 %	4,759	10.6 %
Settlement income	1,390	0.0 %	22,780	0.2 %	(21,390)	(93.9)%
Other	57,352	0.6 %	52,108	0.5 %	5,244	10.1 %
<b>Total revenues</b>	<b>\$ 10,308,924</b>	<b>100.0 %</b>	<b>\$ 10,411,179</b>	<b>100.0 %</b>	<b>\$ (102,255)</b>	<b>(1.0)%</b>

The total General Fund revenues decreased by \$102.3 million or 1.0%. The largest decreases in revenue sources were \$45.4 million or 24.7% in lodging taxes, \$84.3 million or 9.0% in gaming taxes, fees and licenses, \$21.8 million or 9.6% in commerce taxes, and \$21.4 million or 93.9% in settlement income. The decreases in lodging taxes, commerce taxes, and gaming taxes, fees, and licenses are all primarily due to industry shutdowns due to the COVID-19 pandemic. The decrease in settlement income is primarily due to the timing of legal cases and has normal fluctuations.

The following schedule presents a summary of expenditures by function of the General Fund for the fiscal years ended June 30, 2020 and 2019 (expressed in thousands). Other financing uses are not included.

	General Fund Expenditures (expressed in thousands)					
	2020		2019		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
General government	\$ 198,363	1.9 %	\$ 205,310	2.0 %	\$ (6,947)	(3.4)%
Health services	4,269,152	41.1 %	4,397,082	43.3 %	(127,930)	(2.9)%
Social services	1,774,593	17.1 %	1,635,930	16.1 %	138,663	8.5 %
Education - K-12 state support	1,803,605	17.4 %	1,595,968	15.7 %	207,637	13.0 %
Education - K-12 administrative	633,393	6.1 %	602,009	5.9 %	31,384	5.2 %
Education - higher education	667,274	6.4 %	677,048	6.7 %	(9,774)	(1.4)%
Law, justice and public safety	588,164	5.7 %	559,392	5.5 %	28,772	5.1 %
Regulation of business	289,108	2.8 %	310,440	3.1 %	(21,332)	(6.9)%
Recreation and resource development	163,566	1.6 %	156,949	1.5 %	6,617	4.2 %
Debt service	3,487	0.0 %	3,669	0.0 %	(182)	(5.0)%
<b>Total expenditures</b>	<b>\$ 10,390,705</b>	<b>100.0 %</b>	<b>\$ 10,143,797</b>	<b>100.0 %</b>	<b>\$ 246,908</b>	<b>2.4 %</b>

The total General Fund expenditures increased by 2.4%. The largest increase in expenditures was \$207.6 million or 13.0% in Education - K-12 State support. This increase was primarily due to an increase in Distributive School Account distributions resulting from an increase in excise taxes.

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 increased by \$60.8 million or 13.2% during the current fiscal year compared to a decrease of \$68.6 million, before restatement, or 13.0% in the prior year. Total revenues decreased by \$37.4 million, due primarily to decreases in license, fees and permits, and motor vehicle and special fuel taxes. These lost revenues were due to the effects of the COVID-19 pandemic on the transportation industry. Expenditures decreased by \$145.2 million or 13.0% over the prior year. This was primarily due to a decrease of \$157.1 million in transportation expenditures, due to major road construction projects either nearing completion or being completed, partially offset by an increase in salary expenditures and an aircraft purchase. Other financing sources and uses increased by \$21.6 million or 271.0% over the prior year.

### **Proprietary Funds:**

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

**Enterprise Funds** – There are four major enterprise funds: Housing Division Fund, Unemployment Compensation Fund, Water Projects Loans Fund and the Higher Education Tuition Trust Fund. The combined net position of the four major funds is \$1.9 billion, the net position of the nonmajor enterprise funds is \$29.1 million and the total combined net position of all enterprise funds is \$1.9 billion. The combined net position of all enterprise funds decreased by \$850.0 million from the prior year, after restatement. 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 \$9.7 million or 4.3%, resulting in an ending net position of \$236.1 million. Revenues from interest on loans increased by 29.5% reflecting Nevada's strong housing market. Operating expenses increased by \$11.0 million, and operating revenues increased by \$5.0 million.

The *Unemployment Compensation Fund* accounts for the payment of unemployment compensation benefits to unemployed State citizens. The net position decreased by \$897.3 million from the prior year, after restatement, resulting in an ending net position of \$1.0 billion. The current year change in net position was a decrease of \$895.3 million, and beginning net position was decreased by \$1.9 million for a change in methodology for calculating unemployment benefits that resulted in higher claims expense. The current year decrease in net position is primarily due to expenses exceeding revenues by \$890.5 million. During fiscal year 2020, \$5.5 billion of unemployment compensation benefits was paid to unemployed State citizens compared to \$281.2 million paid in fiscal year 2019, representing a 1,847% increase 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 \$21.1 million during the current fiscal year, for a final net position of \$479.9 million, which is a 4.6% increase from the prior year.

The *Higher Education Tuition Trust Fund* provides a simple and convenient way for Nevada families to save for a college education through the advance payment of tuition. A purchaser enters into a contract for the future payment of tuition for a specified beneficiary. The contract benefits are based on in-state rates for Nevada public colleges, but can be used towards costs at any accredited, nonprofit, private or out-of-state college. The Trust Fund completed its twenty-second enrollment period during the fiscal year with 517 new enrollments. The net position increased by \$14.2 million, for an ending net position of \$142.0 million, an 11.1% increase over last year. This change in net position is considered a normal fluctuation in current activity from contract purchases, benefit payments and investment earnings.

**Internal Service Funds** – The internal service funds charge State agencies for goods and services such as building maintenance, purchasing, printing, insurance, data processing and fleet services in order to recover the costs of the goods or services. Rates charged to State agencies for the operations of internal service funds are adjusted in following years to offset gains and losses. Because these are allocations of costs to other funds, they are not included separately in the government-wide financial statements but are eliminated and reclassified as either governmental activities or business-type activities. In 2020, total internal service fund net position increased by \$28.2 million, for a final net position of \$17.6 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 \$26.5 million or 45.6% during the current year, for a final net position of \$84.6 million. The increase in net position from current activity is primarily due to an increase in the State subsidy that was set in the 2019 Legislative Session.

The *Information Services Fund* accounts for design, maintenance and operation of the State's central computer facility, radio communication, and telecommunication systems. The net position deficit decreased by \$3.8 million or 18.5% during the current year, for a final net position deficit of \$16.6 million. The increase in net position from current activity is a result of an increase in user charges, offset by a decrease in outside contracts. The remaining change 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 \$0.1 million or 0.2% during the current year, resulting in an ending net position deficit of \$42.9 million. The increase in net position from current activity is considered a normal fluctuation of insurance claims and expenses.

#### **ANALYSIS OF GENERAL FUND BUDGET VARIATIONS**

The General Fund budgetary revenues and other financing sources were \$2.0 billion or 13.1% 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 \$2.0 billion. Some of the differences originate because the original budget consists only of those budgets subject to legislative approval through the General Appropriations Act and the Authorizations Bill. The non-executive budgets, not subject to legislative approval, only require approval by the Budget Division, and, if approved after July 1, are considered to be revisions. Increases due to the nonexecutive budgets approved after July 1 and increased estimated receipts were approximately \$2.0 billion.

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

##### **Capital Assets:**

The State's capital assets for governmental and business-type activities as of June 30, 2020, amount to \$12.6 billion, net of accumulated depreciation of \$1.5 billion, resulting in a net book value of \$11.1 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.

At June 30, 2020, the State had construction contract commitments of approximately \$303.1 million in the Highway Fund for construction of various highway projects, and \$30.1 million in capital projects funds for buildings and improvements. Funding for the commitments will come from existing resources in these funds and from future appropriations and bond proceeds.

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

**Condition Level of the Roadways**

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

	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
State Policy-minimum percentage	70%	65%	60%	40%	10%
Actual results of 2019 condition assessment	91%	86%	88%	57%	28%
Actual results of 2018 condition assessment	90%	88%	91%	58%	25%
Actual results of 2017 condition assessment	90%	85%	90%	61%	25%

**Condition Level of the Bridges**

**Percentage of substandard bridges**

	<b>2020</b>	<b>2018</b>	<b>2016</b>
State Policy-minimum percentage	7%	10%	10%
Actual results condition assessment	1%	1%	2%

The estimated amount necessary to maintain and preserve infrastructure assets at target condition levels exceeded the actual amounts of expense incurred for fiscal year 2020 by \$25.8 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.

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

**Long-term Debt Administration:**

As of year-end, the State had \$3.1 billion in bonds and certificates of participation outstanding, compared to \$2.9 billion last year, an increase of \$195.2 million or 6.8% during the current fiscal year. This increase was due primarily to the issuance of additional bonds.

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

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

**Requests for Information**

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

## Statement of Net Position

June 30, 2020 (Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Cash and pooled investments	\$ 3,340,767	\$ 1,218,034	\$ 4,558,801	\$ 215,857
Investments	362,648	577,765	940,413	1,500,901
Internal balances	(1,566)	1,566	-	-
Due from component unit	24,361	-	24,361	-
Due from primary government	-	-	-	190,843
Accounts receivable	135,072	5,384	140,456	109,308
Taxes/assessments receivable	1,215,005	288,688	1,503,693	-
Intergovernmental receivables	629,061	916,815	1,545,876	58,657
Accrued interest and dividends	10,913	30,932	41,845	125
Contracts receivable	-	36,642	36,642	-
Mortgages receivable	-	667,198	667,198	-
Notes/loans receivable	98,283	449,301	547,584	6,702
Capital lease receivable	46,355	-	46,355	-
Other receivables	64	-	64	8,416
Inventory	31,196	1,673	32,869	5,515
Prepaid expenses	4,492	85	4,577	26,061
<i>Restricted assets:</i>				
Cash	3,323	-	3,323	100,142
Investments	-	150,974	150,974	14,924
Other assets	4	5	9	96,677
<i>Capital assets:</i>				
Land, infrastructure and construction in progress	9,573,854	568	9,574,422	363,318
Other capital assets, net	1,464,766	12,469	1,477,235	2,186,991
<b>Total assets</b>	<b>16,938,598</b>	<b>4,358,099</b>	<b>21,296,697</b>	<b>4,884,437</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	40,021	212	40,233	11,193
Pension related amounts	415,644	7,646	423,290	83,110
OPEB related amounts	49,637	837	50,474	30,103
<b>Total deferred outflows of resources</b>	<b>505,302</b>	<b>8,695</b>	<b>513,997</b>	<b>124,406</b>
<b>Liabilities</b>				
Accounts payable	1,230,711	1,141,520	2,372,231	46,846
Accrued payroll and related liabilities	71,991	1,242	73,233	85,969
Intergovernmental payables	340,622	50,192	390,814	-
Interest payable	16,069	5,012	21,081	15,539
Due to component units	74,417	1	74,418	-
Due to primary government	-	-	-	24,361
Contracts/retentions payable	57,690	-	57,690	-
Unearned revenues	807,265	12,570	819,835	59,407
Other liabilities	203,697	11	203,708	83,890
<i>Long-term liabilities:</i>				
<i>Portion due or payable within one year:</i>				
Reserve for losses	108,950	-	108,950	-
Obligations under capital leases	3,724	-	3,724	2,854
Compensated absences	88,175	1,717	89,892	43,091
Tuition benefits payable	-	19,182	19,182	-
Bonds payable	218,184	65,117	283,301	70,416
Certificates of participation payable	3,600	-	3,600	-
Pollution remediation obligations	725	-	725	-
<i>Portion due or payable after one year:</i>				
Federal advances	-	-	-	5,370
Reserve for losses	43,964	-	43,964	-
Obligations under capital leases	7,543	-	7,543	49,008
Net pension liability	2,247,793	42,341	2,290,134	420,022

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## Statement of Net Position

June 30, 2020 (Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Net OPEB liability	794,677	15,611	810,288	571,535
Compensated absences	28,205	503	28,708	21,741
Tuition benefits payable	-	187,163	187,163	-
Bonds payable	1,815,889	895,499	2,711,388	748,749
Certificates of participation payable	70,987	-	70,987	-
Unearned revenue	-	-	-	42,247
Pollution remediation obligations	4,275	-	4,275	-
<b>Total liabilities</b>	<b>8,239,153</b>	<b>2,437,681</b>	<b>10,676,834</b>	<b>2,291,045</b>
<b>Deferred Inflows of Resources</b>				
Pension related amounts	219,905	4,001	223,906	33,105
OPEB related amounts	48,278	948	49,226	34,722
Taxes	105	-	105	-
Fines and forfeitures	941	-	941	-
Lease revenue	-	-	-	6,526
Split-interest agreements	-	-	-	2,465
Service concession arrangement	-	-	-	1,265
<b>Total deferred inflows of resources</b>	<b>269,229</b>	<b>4,949</b>	<b>274,178</b>	<b>78,083</b>
<b>Net Position</b>				
Net investment in capital assets	9,581,627	5,627	9,587,254	1,805,267
Restricted for:				
Unemployment compensation	-	1,036,741	1,036,741	-
Tuition contract benefits	-	141,934	141,934	-
Security of outstanding obligations	-	172,185	172,185	-
Workers' compensation	-	28,057	28,057	-
Capital projects	-	-	-	192,159
Debt service	27,655	-	27,655	32,179
Education - K to 12	5,702	-	5,702	3,681
Transportation	454,058	-	454,058	-
Recreation and resource development	45,288	-	45,288	-
Law, justice and public safety	64,527	-	64,527	-
Health services	295,630	-	295,630	-
Regulation of business	33,107	2	33,109	-
Scholarships	-	-	-	511,227
Loans	-	479,928	479,928	6,564
Research and development	-	-	-	11,811
Other purposes	282	-	282	5,877
Funds held as permanent investments:				
Nonexpendable	383,664	-	383,664	445,177
Expendable	22	-	22	-
Unrestricted (deficit)	(1,956,044)	59,690	(1,896,354)	(374,227)
<b>Total net position</b>	<b>\$ 8,935,518</b>	<b>\$ 1,924,164</b>	<b>\$ 10,859,682</b>	<b>\$ 2,639,715</b>

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

# Statement of Activities

For the Year Ended June 30, 2020 (Expressed in Thousands)

Function/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
<b>Primary Government</b>								
<i>Governmental activities:</i>								
General government	\$ 262,523	\$ 234,368	\$ 104,704	\$ -	\$ 76,549	\$ -	\$ 76,549	\$ -
Health services	4,275,154	165,324	3,318,212	-	(791,618)	-	(791,618)	-
Social services	1,886,634	53,530	1,219,708	-	(613,396)	-	(613,396)	-
Education - K-12 state support	1,803,605	-	5,680	-	(1,797,925)	-	(1,797,925)	-
Education - K-12 administrative	638,858	2,839	297,490	-	(338,529)	-	(338,529)	-
Education - higher education	696,982	-	-	-	(696,982)	-	(696,982)	-
Law, justice and public safety	865,199	248,853	67,971	16,583	(531,792)	-	(531,792)	-
Regulation of business	312,520	94,024	175,090	-	(43,406)	-	(43,406)	-
Transportation	553,452	48,650	355,548	10,256	(138,998)	-	(138,998)	-
Recreation and resource development	184,811	51,225	47,260	893	(85,433)	-	(85,433)	-
Interest on long-term debt	71,861	-	636	-	(71,225)	-	(71,225)	-
Unallocated depreciation	2,439	-	-	-	(2,439)	-	(2,439)	-
Total governmental activities	<u>11,554,038</u>	<u>898,813</u>	<u>5,592,299</u>	<u>27,732</u>	<u>(5,035,194)</u>	<u>-</u>	<u>(5,035,194)</u>	<u>-</u>
<i>Business-type activities:</i>								
Unemployment insurance	5,474,097	4,946	3,902,099	-	-	(1,567,052)	(1,567,052)	-
Housing	35,647	31,677	13,689	-	-	9,719	9,719	-
Water loans	5,758	9,750	19,226	-	-	23,218	23,218	-
Workers' compensation and safety	42,469	50,181	4,249	-	-	11,961	11,961	-
Higher education tuition	11,167	11,709	12,881	-	-	13,423	13,423	-
Other	32,631	34,604	344	-	-	2,317	2,317	-
Total business-type activities	<u>5,601,769</u>	<u>142,867</u>	<u>3,952,488</u>	<u>-</u>	<u>-</u>	<u>(1,506,414)</u>	<u>(1,506,414)</u>	<u>-</u>
Total primary government	<u>\$ 17,155,807</u>	<u>\$ 1,041,680</u>	<u>\$ 9,544,787</u>	<u>\$ 27,732</u>	<u>(5,035,194)</u>	<u>(1,506,414)</u>	<u>(6,541,608)</u>	<u>-</u>
Total component units	<u>\$ 2,168,079</u>	<u>\$ 812,266</u>	<u>\$ 537,832</u>	<u>\$ 1,551</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(816,430)</u>

## General Revenues:

### Taxes:

Gaming taxes	868,899	-	868,899	-
Sales and use taxes	1,272,268	-	1,272,268	-
Modified business taxes	666,232	-	666,232	-
Insurance premium taxes	450,749	-	450,749	-
Cigarette taxes	156,695	-	156,695	-
Commerce taxes	206,609	-	206,609	-
Property and transfer taxes	118,210	-	118,210	-
Lodging taxes	19,088	-	19,088	-
Motor and special fuel taxes	2,190	-	2,190	-
Other taxes	461,314	415	461,729	-

### Restricted for unemployment compensation:

Other taxes	-	676,591	676,591	-
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Restricted for general government purposes:				
Settlement income	1,292	-	1,292	-
Restricted for health services purposes:				
Other taxes	59,606	-	59,606	-
Restricted for social services purposes:				
Other taxes	14,627	-	14,627	-
Restricted for educational purposes:				
Sales and use taxes	229,778	-	229,778	-
Other taxes	60,410	-	60,410	-
Lodging taxes	138,011	-	138,011	-
Restricted for law, justice and public safety:				
Other	2,016	-	2,016	-
Other taxes	58	-	58	-
Restricted for regulation of business:				
Other taxes	4,365	-	4,365	-
Restricted for transportation purposes:				
Motor and special fuel taxes	238,863	-	238,863	-
Other taxes	5,390	-	5,390	-
Restricted for recreation and resources development:				
Other taxes	704	-	704	-
Settlement income	414	-	414	-
Restricted for debt service purposes:				
Property and transfer taxes	176,447	-	176,447	-
Motor and special fuel taxes	74,606	-	74,606	-
Other	4,929	-	4,929	-
Settlement income	37,561	-	37,561	-
Unrestricted investment earnings	45,763	-	45,763	46,306
Gain on sale of assets	-	1	1	18,651
Other general revenues	146,285	-	146,285	44,786
Contributions to permanent funds	16,589	-	16,589	13,504
Payments from State of Nevada	-	-	-	775,797
Transfers	17,929	(17,929)	-	-
Total general revenues, contributions, payments and transfers	<u>5,497,897</u>	<u>659,078</u>	<u>6,156,975</u>	<u>899,044</u>
Change in net position	<u>462,703</u>	<u>(847,336)</u>	<u>(384,633)</u>	<u>82,614</u>
Net position - beginning	8,466,018	2,773,390	11,239,408	2,557,101
Net position restatement	6,797	(1,890)	4,907	-
Net position - beginning (as restated)	<u>8,472,815</u>	<u>2,771,500</u>	<u>11,244,315</u>	<u>2,557,101</u>
<b>Net position - ending</b>	<u>\$ 8,935,518</u>	<u>\$ 1,924,164</u>	<u>\$ 10,859,682</u>	<u>\$ 2,639,715</u>

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

# Balance Sheet

## Governmental Funds

June 30, 2020

	General Fund	State Highway	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
<i>Cash and pooled investments:</i>				
Cash with treasurer	\$ 1,925,535,071	\$ 522,033,333	\$ 663,834,090	\$ 3,111,402,494
Cash in custody of other officials	5,423,569	3,672,781	10,674,008	19,770,358
Investments	17,028,133	-	345,620,282	362,648,415
<i>Receivables:</i>				
Accounts receivable	63,140,736	22,577,549	29,456,452	115,174,737
Taxes receivable	1,172,179,581	40,794,517	2,030,999	1,215,005,097
Intergovernmental receivables	561,488,124	20,404,479	38,131,151	620,023,754
Accrued interest and dividends	9,530,306	-	1,382,957	10,913,263
Notes/loans receivable	14,543,207	-	83,680,000	98,223,207
Capital lease receivable	-	-	46,355,000	46,355,000
Other receivables	64,234	-	-	64,234
Due from other funds	128,835,656	35,222,700	100,678,868	264,737,224
Due from fiduciary funds	81,149	-	1,221,195	1,302,344
Due from component units	209,853	41	24,132,107	24,342,001
Inventory	7,960,529	22,515,416	478,727	30,954,672
Advances to other funds	3,973,917	3,469,892	-	7,443,809
Restricted cash	3,323,313	-	-	3,323,313
Prepaid items	3,801,723	382,066	94,665	4,278,454
<b>Total assets</b>	<b>\$ 3,917,119,101</b>	<b>\$ 671,072,774</b>	<b>\$ 1,347,770,501</b>	<b>\$ 5,935,962,376</b>
<b>Liabilities</b>				
<i>Accounts payable and accruals:</i>				
Accounts payable	\$ 607,825,038	\$ 34,889,718	\$ 8,038,344	\$ 650,753,100
Accrued payroll and related liabilities	50,958,861	16,594,316	2,729,721	70,282,898
Intergovernmental payables	305,347,918	34,425,756	779,850	340,553,524
Contracts/retentions payable	1,014,178	28,724,716	27,951,156	57,690,050
Due to other funds	81,227,979	16,507,557	174,807,873	272,543,409
Due to fiduciary funds	571,164,882	39,649	13,697	571,218,228
Due to component units	13,893,508	270,977	60,240,553	74,405,038
Unearned revenues	802,043,061	31,093	1,700,686	803,774,840
Other liabilities	179,354,776	7,377,717	16,964,448	203,696,941
<b>Total liabilities</b>	<b>2,612,830,201</b>	<b>138,861,499</b>	<b>293,226,328</b>	<b>3,044,918,028</b>
<b>Deferred Inflows of Resources</b>				
<i>Unavailable revenue:</i>				
Taxes	197,537,346	1,347,105	383,386	199,267,837
Intergovernmental	273,833,721	-	-	273,833,721
Licenses, fees and permits	1,037,136	3,352,674	199	4,390,009
Sales and charges for services	6,878,994	720,829	-	7,599,823
Settlement income	-	-	17,408,905	17,408,905
Lease principal payments	-	-	46,355,000	46,355,000
Interest	1,359,007	408,267	761,719	2,528,993
Other	17,803,306	3,347,810	1,108,116	22,259,232
Taxes	104,903	-	-	104,903
Fines and forfeitures	941,334	-	-	941,334
<b>Total deferred inflows of resources</b>	<b>499,495,747</b>	<b>9,176,685</b>	<b>66,017,325</b>	<b>574,689,757</b>
<b>Fund Balances</b>				
Nonspendable	29,476,341	22,897,482	384,237,470	436,611,293
Restricted	102,345,474	444,409,614	178,734,666	725,489,754
Committed	626,066,413	55,727,494	425,554,712	1,107,348,619
Assigned	13,900,197	-	-	13,900,197
Unassigned	33,004,728	-	-	33,004,728
<b>Total fund balances</b>	<b>804,793,153</b>	<b>523,034,590</b>	<b>988,526,848</b>	<b>2,316,354,591</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 3,917,119,101</b>	<b>\$ 671,072,774</b>	<b>\$ 1,347,770,501</b>	<b>\$ 5,935,962,376</b>

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

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

June 30, 2020

<b>Total fund balances - governmental funds</b>		<b>\$ 2,316,354,591</b>
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	\$ 173,229,949	
Construction in progress	2,597,711,873	
Infrastructure assets	5,842,526,696	
Rights-of-way	959,352,572	
Buildings	1,944,881,059	
Improvements other than buildings	160,986,290	
Furniture and equipment	450,394,257	
Software costs	308,607,615	
Accumulated depreciation/amortization	<u>(1,428,738,409)</u>	
Total capital assets		11,008,951,902
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.		
		573,643,520
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.		
		17,284,433
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.		
		40,021,152
Deferred outflow of resources related to pensions are not reported in the governmental funds.		
		405,195,892
Deferred outflow of resources related to other post-employment benefits are not reported in the governmental funds.		
		48,493,079
Deferred inflow of resources related to pensions are not reported in the governmental funds.		
		(214,343,274)
Deferred inflow of resources related to other post-employment benefits are not reported in the governmental funds.		
		(46,988,348)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Net pension liability	(2,190,249,951)	
Net OPEB liability	(773,450,462)	
Bonds payable	(2,031,389,754)	
Accrued interest on bonds	(16,069,334)	
Certificates of participation	(74,587,339)	
Capital leases	(9,871,233)	
Compensated absences	(112,477,041)	
Pollution remediation liability	<u>(5,000,000)</u>	
Total long-term liabilities		<u>(5,213,095,114)</u>
<b>Net position of governmental activities</b>		<b><u>\$ 8,935,517,833</u></b>

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, 2020

	General Fund	State Highway	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Gaming taxes, fees, licenses	\$ 856,816,611	\$ -	\$ 11,734,123	\$ 868,550,734
Sales taxes	1,493,717,694	-	-	1,493,717,694
Modified business taxes	642,603,267	-	-	642,603,267
Insurance premium taxes	450,738,957	-	-	450,738,957
Lodging taxes	138,010,767	-	-	138,010,767
Cigarette taxes	156,694,742	-	-	156,694,742
Commerce taxes	204,983,790	-	-	204,983,790
Property and transfer taxes	103,064,985	-	191,591,221	294,656,206
Motor and special fuel taxes	2,190,399	238,863,155	74,605,842	315,659,396
Other taxes	431,520,916	126,331,069	51,728,514	609,580,499
Intergovernmental	5,273,127,125	384,787,472	114,368,423	5,772,283,020
Licenses, fees and permits	379,278,906	210,644,497	22,304,966	612,228,369
Sales and charges for services	67,688,334	17,777,061	21,585,098	107,050,493
Interest and investment income	49,745,192	15,758,342	35,688,858	101,192,392
Settlement income	1,390,300	-	39,046,996	40,437,296
Land sales	-	-	11,321,964	11,321,964
Other	57,351,860	24,658,713	22,512,332	104,522,905
<b>Total revenues</b>	<b>10,308,923,845</b>	<b>1,018,820,309</b>	<b>596,488,337</b>	<b>11,924,232,491</b>
<b>Expenditures</b>				
<i>Current:</i>				
General government	198,362,863	-	39,565,075	237,927,938
Health services	4,269,151,798	-	9,180	4,269,160,978
Social services	1,774,592,611	-	91,512,982	1,866,105,593
Education - K-12 state support	1,803,605,382	-	-	1,803,605,382
Education - K-12 administrative	633,392,932	-	4,923,268	638,316,200
Education - higher education	667,273,551	-	50,537,990	717,811,541
Law, justice and public safety	588,163,963	203,272,036	32,226,689	823,662,688
Regulation of business	289,108,182	-	20,353,033	309,461,215
Transportation	-	768,335,973	-	768,335,973
Recreation and resource development	163,565,863	-	26,424,818	189,990,681
Capital outlay	-	-	96,282,332	96,282,332
<i>Debt service:</i>				
Principal	2,888,296	-	173,340,000	176,228,296
Interest, fiscal charges	598,413	-	93,100,999	93,699,412
Debt issuance costs	-	-	645,946	645,946
<b>Total expenditures</b>	<b>10,390,703,854</b>	<b>971,608,009</b>	<b>628,922,312</b>	<b>11,991,234,175</b>
Excess (deficiency) of revenues over (under) expenditures	(81,780,009)	47,212,300	(32,433,975)	(67,001,684)
<b>Other Financing Sources</b>				
Bonds issued	-	-	116,245,000	116,245,000
Refunding bonds issued	-	-	43,925,000	43,925,000
Premium on bonds issued	-	-	19,687,000	19,687,000
Payment to refunded bond agent	-	-	(57,250,172)	(57,250,172)
Sale of capital assets	96,472	-	-	96,472
Transfers in	128,586,519	30,530,449	113,030,040	272,147,008
Transfers out	(50,796,830)	(16,889,349)	(186,806,802)	(254,492,981)
<b>Total other financing sources</b>	<b>77,886,161</b>	<b>13,641,100</b>	<b>48,830,066</b>	<b>140,357,327</b>
Net change in fund balances	(3,893,848)	60,853,400	16,396,091	73,355,643
Fund balances, July 1	808,687,001	462,181,190	972,130,757	2,242,998,948
<b>Fund balances, June 30</b>	<b>\$ 804,793,153</b>	<b>\$ 523,034,590</b>	<b>\$ 988,526,848</b>	<b>\$ 2,316,354,591</b>

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

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

For the Fiscal Year Ended June 30, 2020

<b>Net change in fund balances - total governmental funds</b>	\$	73,355,643
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	\$ 371,513,711	
Depreciation expense	<u>(93,468,494)</u>	
Excess of capital outlay over depreciation expense		278,045,217
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	(116,245,000)	
Refunding bonds issued	(43,925,000)	
Premiums on debt issued	<u>(19,687,000)</u>	
Total bond proceeds		(179,857,000)
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	169,587,677	
Certificates of participation retirement	3,239,000	
Payments to the bond refunding agent	57,250,172	
Capital lease payments	<u>2,529,296</u>	
Total long-term debt repayment		232,606,145
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.		
		27,439,950
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		
		49,294,486
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.		
		341,791
Amortization of deferred loss on early retirement of debt is reported as an expense for the statement of activities.		
		(10,280,821)
Amortization of premiums on bonds and certificates of participation is reported as a reduction of interest expense for the statement of activities.		
		33,967,059
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	(57,583,713)	
Other post-employment benefit costs, net	4,556,972	
Accrued interest payable	1,040,563	
Compensated absences	(11,328,230)	
Long term due to component unit	20,830,000	
Settlement agreement liability	3,400	
Pollution remediation liability	<u>272,000</u>	
Total additional expenditures		(42,209,008)
<b>Net change in net position - governmental activities</b>	<b>\$</b>	<b><u>462,703,462</u></b>

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

# Statement of Net Position

## Proprietary Funds

June 30, 2020

	Enterprise Funds					Total Enterprise Funds	Internal Service Funds
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise Funds		
<b>Assets</b>							
<b>Current assets:</b>							
<i>Cash and pooled investments:</i>							
Cash with treasurer	\$ 1,805,556	\$ -	\$ 150,611,474	\$ 3,638,398	\$ 83,609,975	\$ 239,665,403	\$ 209,594,106
Cash in custody of other officials	-	976,933,945	-	1,212,139	222,650	978,368,734	-
Investments	95,805,037	-	-	307,125,074	-	402,930,111	-
<i>Receivables:</i>							
Accounts receivable	-	-	-	-	5,377,218	5,377,218	6,894,692
Assessments receivable	-	288,688,280	-	-	-	288,688,280	-
Intergovernmental receivables	-	915,956,800	286,150	-	572,132	916,815,082	9,037,011
Contracts receivable	-	-	-	8,506,085	-	8,506,085	-
Mortgages receivable	59,452,954	-	-	-	-	59,452,954	-
Accrued interest and dividends	26,078,841	-	4,466,072	386,758	-	30,931,671	-
Notes/loans receivable	-	-	34,717,211	-	-	34,717,211	5,000
Due from other funds	38,830	16	902,520	19,967	3,825,103	4,786,436	11,536,626
Due from fiduciary funds	-	-	-	-	7,015	7,015	11,699,781
Due from component units	-	-	-	-	-	-	18,563
Inventory	-	-	-	-	1,672,923	1,672,923	241,547
Prepaid items	-	-	593	119	84,484	85,196	213,165
<i>Restricted assets:</i>							
Investments	72,879,494	-	-	-	-	72,879,494	-
<b>Total current assets</b>	<b>256,060,712</b>	<b>2,181,579,041</b>	<b>190,984,020</b>	<b>320,888,540</b>	<b>95,371,500</b>	<b>3,044,883,813</b>	<b>249,240,491</b>
<b>Noncurrent assets:</b>							
Investments	174,834,925	-	-	-	-	174,834,925	-
<i>Receivables:</i>							
Contracts receivable	-	-	-	28,136,144	-	28,136,144	-
Mortgages receivable	607,744,751	-	-	-	-	607,744,751	-
Notes/loans receivable	50,382,588	-	364,201,679	-	-	414,584,267	55,000
<i>Restricted assets:</i>							
Investments	78,094,316	-	-	-	-	78,094,316	-
Other assets	-	-	-	-	5,000	5,000	3,761
<i>Capital assets:</i>							
Land	-	-	-	-	567,812	567,812	1,032,737
Buildings	-	-	-	-	1,406,840	1,406,840	20,392,485
Improvements other than buildings	-	-	-	-	5,638,507	5,638,507	3,839,621
Furniture and equipment	798,555	-	5,910	168,025	16,172,552	17,145,042	56,439,736
Software costs	-	-	-	-	-	-	16,134,510
Less accumulated depreciation/amortization	(692,811)	-	(5,910)	(144,762)	(10,878,550)	(11,722,033)	(68,171,498)
<b>Total noncurrent assets</b>	<b>911,162,324</b>	<b>-</b>	<b>364,201,679</b>	<b>28,159,407</b>	<b>12,912,161</b>	<b>1,316,435,571</b>	<b>29,726,352</b>
<b>Total assets</b>	<b>1,167,223,036</b>	<b>2,181,579,041</b>	<b>555,185,699</b>	<b>349,047,947</b>	<b>108,283,661</b>	<b>4,361,319,384</b>	<b>278,966,843</b>
<b>Deferred Outflows of Resources</b>							
Deferred charge on refunding	-	-	36,138	-	175,883	212,021	-
Pensions related amounts	387,686	-	106,669	60,453	7,091,218	7,646,026	10,447,699
OPEB related amounts	42,612	-	12,225	6,486	775,378	836,701	1,143,675
<b>Total deferred outflows of resources</b>	<b>430,298</b>	<b>-</b>	<b>155,032</b>	<b>66,939</b>	<b>8,042,479</b>	<b>8,694,748</b>	<b>11,591,374</b>

(continued)

	Enterprise Funds						Internal Service Funds
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise Funds	Total Enterprise Funds	
<b>Liabilities</b>							
<b>Current liabilities:</b>							
<i>Accounts payable and accruals:</i>							
Accounts payable	\$ 44,076,371	\$ 1,094,853,900	\$ 86,707	\$ 173,493	\$ 2,268,352	\$ 1,141,458,823	\$ 5,302,262
Accrued payroll and related liabilities	61,419	-	28,625	6,516	1,145,197	1,241,757	1,708,572
Interest payable	3,780,366	-	1,173,768	-	58,215	5,012,349	-
Intergovernmental payables	-	49,962,329	5,114	-	224,871	50,192,314	68,096
Bank overdraft	-	-	-	-	-	-	3,428,332
Due to other funds	53,707	22,301	232,675	109,455	3,018,880	3,437,018	5,079,859
Due to fiduciary funds	-	-	-	-	60,786	60,786	8,936
Due to component units	-	-	-	-	650	650	11,500
Unearned revenues	-	-	-	-	12,569,920	12,569,920	3,489,755
Other liabilities	-	-	-	-	11,450	11,450	-
<i>Short-term portion of long-term liabilities:</i>							
Reserve for losses	-	-	-	-	-	-	108,950,006
Compensated absences	102,118	-	25,865	15,414	1,573,457	1,716,854	2,722,898
Benefits payable	-	-	-	19,181,635	-	19,181,635	-
Bonds payable	52,664,592	-	12,093,860	-	359,039	65,117,491	513,323
Obligations under capital leases	-	-	-	-	-	-	1,109,539
<b>Total current liabilities</b>	<b>100,738,573</b>	<b>1,144,838,530</b>	<b>13,646,614</b>	<b>19,486,513</b>	<b>21,290,817</b>	<b>1,300,001,047</b>	<b>132,393,078</b>
<b>Noncurrent liabilities:</b>							
Advances from other funds	-	-	-	-	124,020	124,020	7,319,789
Reserve for losses	-	-	-	-	-	-	43,964,147
Net pension obligation	2,154,048	-	585,322	341,136	39,260,256	42,340,762	57,542,725
Net OPEB liability	795,012	-	228,089	121,004	14,466,437	15,610,542	21,226,837
Compensated absences	31,848	-	10,601	6,269	454,706	503,424	1,180,197
Benefits payable	-	-	-	187,163,455	-	187,163,455	-
Bonds payable	827,575,483	-	60,872,635	-	7,050,403	895,498,521	2,169,634
Obligations under capital leases	-	-	-	-	-	-	285,456
<b>Total noncurrent liabilities</b>	<b>830,556,391</b>	<b>-</b>	<b>61,696,647</b>	<b>187,631,864</b>	<b>61,355,822</b>	<b>1,141,240,724</b>	<b>133,688,785</b>
<b>Total liabilities</b>	<b>931,294,964</b>	<b>1,144,838,530</b>	<b>75,343,261</b>	<b>207,118,377</b>	<b>82,646,639</b>	<b>2,441,241,771</b>	<b>266,081,863</b>
<b>Deferred Inflows of Resources</b>							
Pension related amounts	203,557	-	55,312	32,238	3,710,093	4,001,200	5,562,053
OPEB related amounts	48,299	-	13,857	7,351	878,854	948,361	1,289,268
<b>Total deferred inflows of resources</b>	<b>251,856</b>	<b>-</b>	<b>69,169</b>	<b>39,589</b>	<b>4,588,947</b>	<b>4,949,561</b>	<b>6,851,321</b>
<b>Net Position</b>							
Net investment in capital assets	105,744	-	-	23,263	5,497,719	5,626,726	25,619,238
<i>Restricted for:</i>							
Unemployment compensation	-	1,036,740,511	-	-	-	1,036,740,511	-
Tuition contract benefits	-	-	-	141,933,657	-	141,933,657	-
Security of outstanding obligations	172,185,496	-	-	-	-	172,185,496	-
Workers' compensation	-	-	-	-	28,057,217	28,057,217	-
Revolving loans	-	-	479,928,301	-	-	479,928,301	-
Regulation of business	-	-	-	-	2,000	2,000	-
Unrestricted (deficit)	63,815,274	-	-	-	(4,466,382)	59,348,892	(7,994,205)
<b>Total net position</b>	<b>\$ 236,106,514</b>	<b>\$ 1,036,740,511</b>	<b>\$ 479,928,301</b>	<b>\$ 141,956,920</b>	<b>\$ 29,090,554</b>	<b>\$ 1,923,822,800</b>	<b>\$ 17,625,033</b>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time.						341,100	
Net position of business-type activities						<u>\$ 1,924,163,900</u>	

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

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

## Proprietary Funds

For the Fiscal Year Ended June 30, 2020

	Enterprise Funds						Internal Service Funds
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise Funds	Total Enterprise Funds	
<b>Operating Revenues</b>							
Net premium income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 416,187,991
Sales	-	-	-	11,631,484	6,650,749	18,282,233	2,627,187
Assessments	-	676,591,141	-	-	414,783	677,005,924	-
Charges for services	-	-	455,000	77,400	13,594,166	14,126,566	61,844,140
Rental income	-	-	-	-	144,200	144,200	22,024,302
Interest income on loans/notes	23,820,936	-	9,295,167	-	-	33,116,103	-
Federal government	-	3,858,426,706	16,122,978	-	-	3,874,549,684	-
Licenses, fees and permits	-	-	-	-	45,594,299	45,594,299	-
Fines	-	-	-	-	4,463,373	4,463,373	-
Other	7,855,925	4,945,676	-	-	2,336,634	15,138,235	329,221
<b>Total operating revenues</b>	<b>31,676,861</b>	<b>4,539,963,523</b>	<b>25,873,145</b>	<b>11,708,884</b>	<b>73,198,204</b>	<b>4,682,420,617</b>	<b>503,012,841</b>
<b>Operating Expenses</b>							
Salaries and benefits	1,605,434	-	458,725	228,370	40,739,820	43,032,349	44,055,487
Operating	1,686,116	-	3,667,938	726,387	13,477,739	19,558,180	42,552,268
Claims and benefits expense	-	5,474,093,872	-	10,201,469	6,417,273	5,490,712,614	319,202,120
Interest on bonds payable	28,869,851	-	1,295,041	-	-	30,164,892	-
Materials or supplies used	-	-	-	-	2,091,122	2,091,122	97,794
Servicers' fees	11,816	-	-	-	-	11,816	-
Depreciation	36,255	-	-	16,745	834,658	887,658	6,030,788
Bond issuance costs	2,216,663	-	347,005	-	-	2,563,668	-
Insurance premiums	-	-	-	-	-	-	66,896,631
<b>Total operating expenses</b>	<b>34,426,135</b>	<b>5,474,093,872</b>	<b>5,768,709</b>	<b>11,172,971</b>	<b>63,560,612</b>	<b>5,589,022,299</b>	<b>478,835,088</b>
Operating income (loss)	(2,749,274)	(934,130,349)	20,104,436	535,913	9,637,592	(906,601,682)	24,177,753
<b>Nonoperating Revenues (Expenses)</b>							
Interest and investment income	11,878,517	43,672,284	3,103,041	12,880,590	1,836,986	73,371,418	3,751,217
Interest expense	-	-	-	-	(270,657)	(270,657)	(67,227)
Federal grant revenue	1,810,683	-	-	-	2,756,111	4,566,794	-
Federal grant expense	(1,269,036)	-	-	-	-	(1,269,036)	-
Gain (loss) on disposal of assets	-	-	-	-	-	-	98,805
<b>Total nonoperating revenues (expenses)</b>	<b>12,420,164</b>	<b>43,672,284</b>	<b>3,103,041</b>	<b>12,880,590</b>	<b>4,322,440</b>	<b>76,398,519</b>	<b>3,782,795</b>
Income (loss) before transfers	9,670,890	(890,458,065)	23,207,477	13,416,503	13,960,032	(830,203,163)	27,960,548
<b>Transfers</b>							
Transfers in	-	-	2,230	793,692	1,825,308	2,621,230	2,531,054
Transfers out	-	(4,877,420)	(2,066,058)	-	(13,606,547)	(20,550,025)	(2,256,286)
Change in net position	9,670,890	(895,335,485)	21,143,649	14,210,195	2,178,793	(848,131,958)	28,235,316
Net position, July 1	226,435,624	1,933,966,433	458,784,652	127,746,725	26,911,761	-	(10,610,283)
Net position restatement	-	(1,890,437)	-	-	-	-	-
Net position, July 1 (as restated)	226,435,624	1,932,075,996	458,784,652	127,746,725	26,911,761	-	(10,610,283)
<b>Net position, June 30</b>	<b>\$ 236,106,514</b>	<b>\$ 1,036,740,511</b>	<b>\$ 479,928,301</b>	<b>\$ 141,956,920</b>	<b>\$ 29,090,554</b>	<b>\$ -</b>	<b>\$ 17,625,033</b>

Adjustment for the net effect of the current year activity  
between the internal service funds and the enterprise funds.

Change in net position of business-type activities

795,466

\$ (847,336,492)

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, 2020

	Enterprise Funds						
	Major Funds						Internal Service Funds
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise Funds	Totals	
<b>Cash flows from operating activities</b>							
Receipts from customers and users	\$ -	\$ 599,802,784	\$ 454,840	\$ 13,721,879	\$ 69,171,049	\$ 683,150,552	\$ 70,985,917
Receipts for interfund services provided	487,660	2,031,203	-	1,064	2,404,616	4,924,543	400,389,106
Receipts from component units	-	-	-	-	-	-	14,650,739
Receipts of principal on loans/notes	35,975,036	-	-	-	-	35,975,036	5,000
Receipts of interest on loans/notes	21,043,792	-	-	-	-	21,043,792	-
Receipts from Federal government	-	2,998,951,653	16,066,916	-	-	3,015,018,569	-
Payments to suppliers, other governments and beneficiaries	(5,400,605)	(4,386,019,832)	(3,474,950)	(7,567,883)	(12,269,906)	(4,414,733,176)	(413,656,815)
Payments to employees	(1,478,464)	-	(448,127)	(213,969)	(39,394,426)	(41,534,986)	(41,638,241)
Payments for interfund services	(598,761)	-	(132,924)	(163,393)	(7,102,953)	(7,998,031)	(20,250,609)
Payments to component units	-	-	-	(7,922,748)	(20,630)	(7,943,378)	(170,156)
Purchase of loans and notes	(235,377,835)	-	-	-	-	(235,377,835)	-
<b>Net cash provided by (used for) operating activities</b>	<b>(185,349,177)</b>	<b>(785,234,192)</b>	<b>12,465,755</b>	<b>(2,145,050)</b>	<b>12,787,750</b>	<b>(947,474,914)</b>	<b>10,314,941</b>
<b>Cash flows from noncapital financing activities</b>							
Grant receipts	1,810,683	-	-	-	3,131,497	4,942,180	-
Proceeds from sale of bonds	295,537,601	-	42,197,677	-	-	337,735,278	-
Transfers and advances from other funds	(27)	-	2,230	869,982	435,783	1,307,968	10,948,848
Principal paid on noncapital debt	(46,095,395)	-	(10,720,000)	-	-	(56,815,395)	-
Interest paid on noncapital debt	(27,837,345)	-	(1,642,881)	-	-	(29,480,226)	-
Transfers and advances to other funds	-	-	(2,005,201)	-	(14,173,404)	(16,178,605)	(1,074,875)
Payments to other governments and organizations	(1,269,036)	-	-	-	-	(1,269,036)	-
Bond issuance costs	-	-	(347,005)	-	-	(347,005)	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>222,146,481</b>	<b>-</b>	<b>27,484,820</b>	<b>869,982</b>	<b>(10,606,124)</b>	<b>239,895,159</b>	<b>9,873,973</b>
<b>Cash flows from capital and related financing activities</b>							
Proceeds from sale of capital assets	-	-	-	-	-	-	208,234
Purchase of capital assets	-	-	-	-	(327,334)	(327,334)	(7,477,078)
Principal paid on capital debt	-	-	-	-	(299,000)	(299,000)	(1,712,556)
Interest paid on capital debt	-	-	-	-	(302,963)	(302,963)	(67,227)
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(929,317)</b>	<b>(929,317)</b>	<b>(9,048,627)</b>
<b>Cash flows from investing activities</b>							
Proceeds from sale of investments	718,504,746	-	-	3,205,939	-	721,710,685	-
Receipts of principal on loans/notes	-	-	33,914,302	-	-	33,914,302	-
Purchase of investments	(764,845,648)	-	-	(10,356,009)	-	(775,201,657)	-
Purchase of loans and notes	-	-	(33,681,806)	-	-	(33,681,806)	-
Interest, dividends and gains (losses)	10,146,194	43,672,284	12,486,140	5,325,741	2,046,774	73,677,133	4,286,191
<b>Net cash provided by (used for) investing activities</b>	<b>(36,194,708)</b>	<b>43,672,284</b>	<b>12,718,636</b>	<b>(1,824,329)</b>	<b>2,046,774</b>	<b>20,418,657</b>	<b>4,286,191</b>
Net increase (decreases) in cash	602,596	(741,561,908)	52,669,211	(3,099,397)	3,299,083	(688,090,415)	15,426,478
Cash and cash equivalents, July 1	1,202,960	1,718,495,853	97,942,263	7,949,934	80,533,542	1,906,124,552	194,167,628
<b>Cash and cash equivalents, June 30</b>	<b>\$ 1,805,556</b>	<b>\$ 976,933,945</b>	<b>\$ 150,611,474</b>	<b>\$ 4,850,537</b>	<b>\$ 83,832,625</b>	<b>\$ 1,218,034,137</b>	<b>\$ 209,594,106</b>

(continued)

	Enterprise Funds						
	Major Funds						Internal Service Funds
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise Funds	Totals	
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>							
Operating income (loss)	\$ (2,749,274)	\$ (934,130,349)	\$ 20,104,436	\$ 535,913	\$ 9,637,592	\$ (906,601,682)	\$ 24,177,753
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</b>							
Depreciation	36,255	-	-	16,745	834,658	887,658	6,030,788
Interest on loans	-	-	(9,295,167)	-	-	(9,295,167)	-
Interest on bonds payable	28,869,851	-	1,295,041	-	-	30,164,892	-
Debt issuance costs	-	-	347,005	-	-	347,005	-
Decrease (increase) in loans and notes receivable	(202,090,195)	-	-	-	-	(202,090,195)	5,000
Decrease (increase) in accrued interest and receivables	(25,904,305)	(982,467,263)	(56,222)	2,014,059	(1,871,127)	(1,008,284,858)	(17,783,534)
Decrease (increase) in inventory, deferred charges, other assets	-	-	(132)	(3)	322,319	322,184	76,977
Decrease (increase) in deferred outflow of resources	(39,761)	-	(9,117)	(4,922)	(586,238)	(640,038)	(893,104)
Increase (decrease) in accounts payable, accruals, other liabilities	16,361,522	1,131,363,420	63,903	(4,726,695)	2,827,486	1,145,889,636	(3,761,277)
Increase (decrease) in unearned revenues	-	-	-	-	248,588	248,588	(171,783)
Increase (decrease) in net pension liability	110,758	-	(3,043)	15,796	455,804	579,315	1,603,796
Increase (decrease) in net OPEB liability	5,263	-	7,354	(3,582)	106,909	115,944	(166,389)
Increase (decrease) in deferred inflows of resources	50,709	-	11,697	7,639	811,759	881,804	1,196,714
<b>Total adjustments</b>	<b>(182,599,903)</b>	<b>148,896,157</b>	<b>(7,638,681)</b>	<b>(2,680,963)</b>	<b>3,150,158</b>	<b>(40,873,232)</b>	<b>(13,862,812)</b>
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (185,349,177)</b>	<b>\$ (785,234,192)</b>	<b>\$ 12,465,755</b>	<b>\$ (2,145,050)</b>	<b>\$ 12,787,750</b>	<b>\$ (947,474,914)</b>	<b>\$ 10,314,941</b>

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

# Statement of Fiduciary Net Position

## Fiduciary Funds

June 30, 2020

	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Private purpose trust funds	Custodial Funds
<b>Assets</b>				
<i>Cash and pooled investments:</i>				
Cash with treasurer	\$ 2,570,445	\$ -	\$ 9,450,538	\$ 64,749,248
Cash in custody of other officials	774,779,806	3,821,019	28,578,754	4,910,052
<i>Investments:</i>				
Investments	1,843,713	2,393,727,118	29,126,226,917	-
Fixed income securities	12,729,964,780	-	-	-
Marketable equity securities	18,986,672,050	-	-	-
International securities	9,344,950,306	-	-	-
Real estate	2,115,552,553	-	-	-
Alternative investments	2,635,864,456	-	-	-
Collateral on loaned securities	205,982,715	-	-	-
<i>Receivables:</i>				
Taxes receivable	-	-	-	67,467,363
Intergovernmental receivables	144,095,996	-	80,418	71
Accrued interest and dividends	143,898,330	15,537,002	803,646	-
Other receivables	2,655	-	-	102,481
Contributions receivables	-	-	23,768,884	-
Trades pending settlement	601,204,479	-	5,564,705	-
Due from other funds	26,749,277	-	159,685	544,378,988
Due from fiduciary funds	-	-	-	16,440
Due from component units	1,480,374	-	-	-
Other assets	4,131,236	-	-	-
Furniture and equipment	46,556,109	-	48,222	-
Less accumulated depreciation/amortization	(42,682,996)	-	(48,222)	-
<b>Total assets</b>	<b>47,723,616,284</b>	<b>2,413,085,139</b>	<b>29,194,633,547</b>	<b>681,624,643</b>
<b>Liabilities</b>				
<i>Accounts payable and accruals:</i>				
Accounts payable	21,109,624	84,964	3,799,877	1,360,201
Intergovernmental payables	-	35,667	18,602	671,461,199
Redemptions payable	-	-	16,252,064	-
Trades pending settlement	609,322,409	11,004,415	12,304,197	-
Bank overdraft	-	-	5,043,000	-
Obligations under securities lending	205,982,715	-	-	-
Due to other funds	11,699,781	9,384	1,299,975	-
Due to fiduciary funds	-	-	16,440	-
<i>Other liabilities:</i>				
Other liabilities	-	25,747	-	-
<b>Total liabilities</b>	<b>848,114,529</b>	<b>11,160,177</b>	<b>38,734,155</b>	<b>672,821,400</b>
<b>Net Position</b>				
<i>Restricted for:</i>				
Pension benefits	46,881,153,370	-	-	-
OPEB benefits	(5,651,615)	-	-	-
Pool participants	-	2,401,924,962	-	-
Individuals	-	-	29,155,899,392	8,803,243
<b>Total net position</b>	<b>\$ 46,875,501,755</b>	<b>\$ 2,401,924,962</b>	<b>\$ 29,155,899,392</b>	<b>\$ 8,803,243</b>

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

# Statement of Changes in Fiduciary Net Position

## Fiduciary Funds

For the Fiscal Year Ended June 30, 2020

	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Private purpose trust funds	Custodial Funds
<b>Additions</b>				
<i>Contributions:</i>				
Employer	\$ 1,094,423,119	\$ -	\$ -	\$ -
Plan members	1,045,267,117	-	-	-
Participants	-	-	3,138,247,655	-
Repayment and purchase of service	67,539,938	-	-	-
<b>Total contributions</b>	<b>2,207,230,174</b>	<b>-</b>	<b>3,138,247,655</b>	<b>-</b>
<i>Investment income:</i>				
Net increase (decrease) in fair value of investments	2,168,850,144	28,665,674	(478,002)	-
Interest, dividends	911,196,672	43,860,421	1,086,743,381	4,150
Securities lending	4,086,256	-	-	-
Other	119,982,070	-	-	-
	3,204,115,142	72,526,095	1,086,265,379	4,150
Less investment expense:				
Other	(57,725,062)	(80,150)	-	-
<b>Net investment income</b>	<b>3,146,390,080</b>	<b>72,445,945</b>	<b>1,086,265,379</b>	<b>4,150</b>
<i>Other:</i>				
Investment from local governments	-	3,248,760,510	-	-
Taxes and fees collected for other governments	-	-	-	4,330,480,843
Child support collections	-	-	-	246,965,420
Other	3,150,847	496	-	2,954,522
<b>Total other</b>	<b>3,150,847</b>	<b>3,248,761,006</b>	<b>-</b>	<b>4,580,400,785</b>
<b>Total additions</b>	<b>5,356,771,101</b>	<b>3,321,206,951</b>	<b>4,224,513,034</b>	<b>4,580,404,935</b>
<b>Deductions</b>				
Principal redeemed	-	2,829,035,465	1,713,377,682	-
Benefit payments	2,862,019,445	-	26,678,611	161,827
Refunds	29,510,239	-	-	-
Contribution distributions	-	3,221,255	-	-
Administrative expense	12,584,878	489,806	39,473,637	-
Payment of taxes and fees to other governments	-	-	-	4,330,480,843
Child support payments	-	-	-	245,290,174
Restitution payments	-	-	-	2,008,392
<b>Total deductions</b>	<b>2,904,114,562</b>	<b>2,832,746,526</b>	<b>1,779,529,930</b>	<b>4,577,941,236</b>
Change in net position	2,452,656,539	488,460,425	2,444,983,104	2,463,699
Net position, July 1	44,422,845,216	1,913,464,537	26,710,916,288	-
Net position restatement	-	-	-	6,339,544
Net position, July 1 (as restated)	44,422,845,216	1,913,464,537	26,710,916,288	6,339,544
<b>Net position, June 30</b>	<b>\$ 46,875,501,755</b>	<b>\$ 2,401,924,962</b>	<b>\$ 29,155,899,392</b>	<b>\$ 8,803,243</b>

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

# Combining Statement of Net Position Discretely Presented Component Units

June 30, 2020

	Major Component Units		Nonmajor Component Unit	Total
	Colorado River Commission	Nevada System of Higher Education	Nevada Capital Investment Corporation	
<b>Assets</b>				
Cash and pooled investments	\$ 18,434,731	\$ 197,422,000	\$ -	\$ 215,856,731
Investments	-	1,473,280,000	27,620,969	1,500,900,969
Due from primary government	111,976	190,731,212	-	190,843,188
Accounts receivable	1,825,184	107,482,788	-	109,307,972
Intergovernmental receivables	-	58,657,000	-	58,657,000
Accrued interest and dividends	111,977	-	12,569	124,546
Notes/loans receivable	-	6,702,000	-	6,702,000
Other receivables	-	8,416,000	-	8,416,000
Inventory	-	5,515,000	-	5,515,000
Prepaid expenses	26,061,227	-	-	26,061,227
<b>Restricted assets:</b>				
Cash	2,602,818	97,539,000	-	100,141,818
Investments	-	14,924,000	-	14,924,000
Other assets	-	96,677,000	-	96,677,000
<b>Capital assets:</b>				
Land, infrastructure and construction in progress	-	363,318,000	-	363,318,000
Other capital assets, net	45,172,737	2,141,818,000	-	2,186,990,737
<b>Total assets</b>	<b>94,320,650</b>	<b>4,762,482,000</b>	<b>27,633,538</b>	<b>4,884,436,188</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	-	11,193,000	-	11,193,000
Pension related amounts	1,083,150	82,027,000	-	83,110,150
OPEB related amounts	121,517	29,981,000	-	30,102,517
<b>Total deferred outflows of resources</b>	<b>1,204,667</b>	<b>123,201,000</b>	<b>-</b>	<b>124,405,667</b>
<b>Liabilities</b>				
Accounts payable	2,829,185	44,015,960	-	46,845,145
Accrued payroll and related liabilities	181,463	85,788,000	-	85,969,463
Interest payable	260,564	15,278,000	-	15,538,564
Due to primary government	154,917	253,040	23,952,607	24,360,564
Unearned revenues	3,213,751	56,193,000	-	59,406,751
Other liabilities	2,922,918	80,967,000	-	83,889,918
<b>Long-term liabilities:</b>				
<b>Portion due or payable within one year:</b>				
Obligations under capital leases	-	2,854,000	-	2,854,000
Compensated absences	328,966	42,762,000	-	43,090,966
Bonds payable	755,000	69,661,000	-	70,416,000
<b>Portion due or payable after one year:</b>				
Federal advances	-	5,370,000	-	5,370,000
Obligations under capital leases	-	49,008,000	-	49,008,000
Net pension liability	5,986,027	414,036,000	-	420,022,027
Net OPEB liability	2,267,165	569,268,000	-	571,535,165
Compensated absences	189,443	21,552,000	-	21,741,443
Bonds payable	25,847,118	722,902,000	-	748,749,118
Unearned revenue	42,247,331	-	-	42,247,331
<b>Total liabilities</b>	<b>87,183,848</b>	<b>2,179,908,000</b>	<b>23,952,607</b>	<b>2,291,044,455</b>
<b>Deferred Inflows of Resources</b>				
Lease revenue	-	6,526,000	-	6,526,000
Split-interest agreements	-	2,465,000	-	2,465,000
Service concession arrangement	-	1,265,000	-	1,265,000
Pension related amounts	565,680	32,539,000	-	33,104,680
OPEB related amounts	137,733	34,584,000	-	34,721,733
<b>Total deferred inflows of resources</b>	<b>703,413</b>	<b>77,379,000</b>	<b>-</b>	<b>78,082,413</b>
<b>Net Position</b>				
Net investment in capital assets	45,172,737	1,760,094,000	-	1,805,266,737
<b>Restricted for:</b>				
Capital projects	-	192,159,000	-	192,159,000
Debt service	-	32,179,000	-	32,179,000
Scholarships	-	511,227,000	-	511,227,000
Loans	-	6,564,000	-	6,564,000
Education - K to 12	-	-	3,680,931	3,680,931
Research and development	11,810,958	-	-	11,810,958
Other purposes	-	5,877,000	-	5,877,000
Funds held as permanent investments:				
Nonexpendable	-	445,177,000	-	445,177,000
Unrestricted (deficit)	(49,345,639)	(324,881,000)	-	(374,226,639)
<b>Total net position</b>	<b>\$ 7,638,056</b>	<b>\$ 2,628,396,000</b>	<b>\$ 3,680,931</b>	<b>\$ 2,639,714,987</b>

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

# Combining Statement of Activities Discretely Presented Component Units

*For the Fiscal Year Ended June 30, 2020*

	<u>Major Component Units</u>		<u>Nonmajor Component Unit</u>	<u>Total</u>
	<u>Colorado River Commission</u>	<u>Nevada System of Higher Education</u>	<u>Nevada Capital Investment Corporation</u>	
Expenses	\$ 47,475,210	\$ 2,111,586,000	\$ 9,017,702	\$ 2,168,078,912
<i>Program revenue:</i>				
Charges for services	47,741,420	764,525,000	-	812,266,420
Operating grants and contributions	-	537,832,000	-	537,832,000
Capital grants and contributions	-	1,551,000	-	1,551,000
<b>Total program revenue</b>	<b>47,741,420</b>	<b>1,303,908,000</b>	<b>-</b>	<b>1,351,649,420</b>
<i>General revenues:</i>				
Unrestricted investment earnings	522,367	40,898,000	4,885,443	46,305,810
Gain on sale of assets	-	18,651,000	-	18,651,000
Other general revenues	70,191	44,716,000	-	44,786,191
Contributions to permanent funds	-	13,504,000	-	13,504,000
Payments from State of Nevada	-	775,797,000	-	775,797,000
<b>Total general revenues, contributions and payments</b>	<b>592,558</b>	<b>893,566,000</b>	<b>4,885,443</b>	<b>899,044,001</b>
Change in net position	858,768	85,888,000	(4,132,259)	82,614,509
Net position, July 1	6,779,288	2,542,508,000	7,813,190	2,557,100,478
<b>Net position, June 30</b>	<b>\$ 7,638,056</b>	<b>\$ 2,628,396,000</b>	<b>\$ 3,680,931</b>	<b>\$ 2,639,714,987</b>

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

## Notes to the Financial Statements

For the Year Ended June 30, 2020

### 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



## Notes to the Financial Statements

For the Year Ended June 30, 2020

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.

## Notes to the Financial Statements

For the Year Ended June 30, 2020

### C. Basis of Presentation

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

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

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

The State reports the following major governmental funds:

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

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

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.

## Notes to the Financial Statements

For the Year Ended June 30, 2020

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

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

### D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

## Notes to the Financial Statements

For the Year Ended June 30, 2020

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

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

*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.

## Notes to the Financial Statements

For the Year Ended June 30, 2020

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.

## Notes to the Financial Statements

For the Year Ended June 30, 2020

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

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

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

*Stabilization Arrangement* - NRS 353.288 provides for the Account to Stabilize the Operation of the State Government (Stabilization Account) in the State General Fund. Additions to the stabilization arrangement are triggered at the end of a fiscal year if the General Fund unrestricted fund balance (budgetary basis) exceeds 7% of General Fund operating appropriations. Forty percent of the excess is deposited to the Stabilization Account, and is classified on the balance sheet as committed for fiscal emergency. Additionally, commencing with the fiscal year that began on July 1, 2017, 1% of the total anticipated revenue for the fiscal year in which the transfer will be made as projected by the Economic Forum for that fiscal year, is also deposited to the Stabilization Account. Expenditures may occur if actual revenues for the biennium fall short by 5% or more from anticipated revenues, if the Legislature and Governor declare that a fiscal emergency exists or if the Legislature allocates it to be used for any other purpose. The balance in the Stabilization Account committed for fiscal emergency at June 30, 2020 is \$97,545,079.

*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

## Notes to the Financial Statements

For the Year Ended June 30, 2020

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 \$24,379,347 were made in the 2020 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.

## Notes to the Financial Statements

For the Year Ended June 30, 2020

### Note 3. Deposits and Investments

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

#### A. Deposits

*Primary Government and Fiduciary Funds* - The State minimizes its custodial credit risk by legislation establishing a program to monitor a collateral pool for public deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the State's deposits may not be recovered. NRS 356 directs the Office of the State Treasurer to deposit funds into any state, or national bank, credit union or savings and loan association covered by 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 consist of deposits in money market funds, which are not federally insured, and cash in the bank. As of June 30, 2020, deposits in money market funds totaled \$756,244,337, and cash in bank was \$297,234,152 of which \$45,909,331 was uncollateralized and uninsured. In addition, the State has custody of Time Certificates of Deposits in the amount of \$3,445,604 that are uncollateralized and uninsured. Cash in bank includes \$105,478 which is insured by American Share Insurance which is not FDIC.

*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, 2020 NSHE's deposits in money market funds totaled \$92,252,000 and cash in bank was \$47,200,000. 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.

The College Savings Plan of Nevada was created under Title 31, Chapter 353B of the Nevada Revised Statutes, as amended, to encourage individuals and families to save for future costs of higher education. The plan is designed to qualify for treatment as a qualified tuition program under Section 529 of the Internal Revenue Code of 1986, as amended, and any regulations and



## Notes to the Financial Statements

For the Year Ended June 30, 2020

other guidance issued thereunder. Plan assets are held for the benefit of account owners and their designated beneficiaries in the Nevada College Savings Trust. The Board of Trustees is responsible for the overall administration of the program, subject to implementing regulations set forth in the Nevada Administration Code. Pursuant to NRS 353B.005 the Board of Trustees consists of five members, the State Treasurer, who may name a designee to serve on the Board on his or her behalf; the Director of the Office of Finance, or designee; the Chancellor of the System, or a designee; and two members appointed by the Governor. The State of Nevada, acting through the Board of the College Savings Plan, and acting by and through its Administrator, the State Treasurer, offers and administers the various plans.

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

*Primary Government and Fiduciary Funds* - The State minimizes interest rate risk by maintaining an effective duration of less than 1.5 years and holding at least 25% of the portfolio's total market value in securities with a maturity of 12 months or less. However, the benchmark used by the State Treasurer to determine whether competitive market yields are being achieved is the 90 day U.S. Treasury Bill's average over the previous three month period (Rolling 90 day T-Bill). Investment policies for the pension and other employee benefit trust funds authorize all securities within the Barclays Aggregate Index benchmark. If securities are purchased outside the Barclays U.S. Treasury Index, they must be of investment grade rating by at least two of the following: Moody's, Standard & Poor's or Fitch (BBB- or better by Standard & Poor's/Fitch, Baa3 or better by Moody's) except those issued or guaranteed by the U.S. Government or its agencies. The following table provides information about the interest rate risks associated with the State's investments as of June 30, 2020 (expressed in thousands):

	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasury securities	\$ 13,905,812	\$ 458,702	\$ 13,234,047	\$ 88,204	\$ 124,859
Negotiable certificate of deposit	1,026,298	1,023,794	2,504	-	-
U.S. agencies	736,316	415,577	213,248	11,583	95,908
Asset backed corporate securities	42,012	541	35,130	6,341	-
Corporate bonds and notes	962,401	533,978	421,795	6,347	281
Commercial paper	1,109,065	1,109,065	-	-	-
Other investments	61,777	57,894	3,883	-	-
Short term investments	64,114	64,114	-	-	-
Money market funds	1,726,599	1,726,599	-	-	-
<b>Total</b>	<b>\$ 19,634,394</b>	<b>\$ 5,390,264</b>	<b>\$ 13,910,607</b>	<b>\$ 112,475</b>	<b>\$ 221,048</b>

*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, 2020 (expressed in thousands):

Less than 1 year	\$ 100,237
1 to 5 years	68,375
6 to 10 years	203,881
<b>Total</b>	<b>\$ 372,493</b>

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

- Commercial paper, Negotiable Certificates of Deposit, and Bankers' Acceptances are rated by a nationally recognized rating service as "A-1," "P-1" or its equivalent, or better,
- Notes, bonds and other unconditional obligations issued by corporations in the U.S. and municipal bonds (effective September 2011) are rated by a nationally recognized rating service as "A" or its equivalent, or better,

## Notes to the Financial Statements

For the Year Ended June 30, 2020

- Money market mutual funds are SEC registered 2(A)7 and rated by a nationally recognized rating service as “AAA” or its equivalent,
- Collateralized mortgage obligations and asset-backed securities are rated by a nationally recognized rating service as “AAA” or its equivalent,
- Repurchase agreements with banks or registered broker-dealers provided the agreement is collateralized by 102% with U.S. Treasuries or U.S. government agency securities on a delivery basis.

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

The State’s investments as of June 30, 2020 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	Unrated
U.S. Treasury securities	\$ 149,045	\$ 325,280	\$ -	\$ -	\$ 13,431,486
Negotiable certificate of deposit	-	1,821	336,245	-	688,232
U.S. agencies	83,288	573,076	-	-	78,373
Mutual funds	-	-	-	-	29,510,485
Asset backed corporate securities	20,940	4,773	-	-	1,947
Corporate bonds and notes	5,944	143,352	794,125	18,981	-
Commercial paper	-	-	1,109,065	-	-
Investment agreements	16,000	-	-	-	-
Short-term investments	134,445	-	6,108	-	-
Other investments	15,296	14,990	31,491	-	32
Equity securities	-	-	-	-	28,801,400
Real estate	-	-	-	-	2,115,564
Private equity	-	-	-	-	2,635,865
Money market funds	112,009	-	-	-	1,614,590
<b>Total</b>	<b>\$ 536,967</b>	<b>\$ 1,063,292</b>	<b>\$ 2,277,034</b>	<b>\$ 18,981</b>	<b>\$ 78,877,974</b>

*Component Units* – 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, 2020 is as follows (at fair value, expressed in thousands):

	Unrated
Mutual funds publicly traded	\$ 556,444
Partnerships	60,786
Endowment cash/cash equivalents	140,752
Trust(s)	4,033
Private commingled funds	258,156
	1,020,171
Less: GBC Foundation Endowments	(7,601)
<b>Total</b>	<b>\$ 1,012,570</b>

**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, 2020, no individual investment exceeded 5% of the total portfolio of the Primary Government.

At June 30, 2020, 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	\$ 17,594	5.73%

## Notes to the Financial Statements

For the Year Ended June 30, 2020

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, 2020, the Housing Division's investments in Fannie Mae and Ginnie Mae are 16.7% and 27.2% respectively, of the Housing Division's total investments. The Fannie Mae and Ginnie Mae investments are in mortgage backed securities matched to the interest rate and maturity of the underlying bonds. Because such investments are matched to concomitant liabilities, the Housing Division is less concerned about a concentration risk on these investments.

*Component Unit* - The Nevada Capital Investment Corporation (NCIC) owns 99% equity interest in Silver State Opportunities Fund LLC (SSOF), a Nevada limited liability company, and 99.9% equity interest in Accion, LLC, a New Mexico limited liability company, for the purpose of obtaining income. At June 30, 2020 the investment in equity interest of SSOF and Accion exceeded 5% of NCIC's total investments.

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

*Primary Government and Fiduciary Funds* - The primary government does not have a policy regarding foreign currency risk; however, the State Treasurer's office does not have any deposits or investments in foreign currency. The PERS, LRS, JRS, and RBIF do have foreign currency policies for deposit and investments, which may be used for portfolio diversification and hedging. Highly speculative positions in currency are not permitted. LRS and JRS had no exposure to foreign currency risk as of June 30, 2020. The following table summarizes the pension and investment trust funds' exposure to foreign currency risk in U.S. dollars as of June 30, 2020 (expressed in thousands):

	Currency by Investment and Fair Value				
	Equity	Private Equity	Pending Transactions	Cash	Total
Australian Dollar	\$ 541,975	\$ -	\$ 200	\$ 114	\$ 542,289
British Pound Sterling	1,130,675	23,400	(100)	1,520	1,155,495
Canadian Dollar	805,489	-	(700)	1,327	806,116
Danish Krone	188,137	-	(100)	113	188,150
Euro	2,573,494	282,700	400	703	2,857,297
Hong Kong Dollar	256,427	-	-	1,037	257,464
Israeli Shekel	25,562	-	(100)	218	25,680
Japanese Yen	2,043,626	-	(2,500)	6,428	2,047,554
New Zealand Dollar	26,388	-	-	117	26,505
Norwegian Krone	41,823	-	-	234	42,057
Singapore Dollar	89,502	-	-	1,018	90,520
Swedish Krona	245,372	-	-	116	245,488
Swiss Franc	827,037	-	(100)	113	827,050
<b>Total</b>	<b>\$ 8,795,507</b>	<b>\$ 306,100</b>	<b>\$ (3,000)</b>	<b>\$ 13,058</b>	<b>\$ 9,111,665</b>

*Component Unit* - The NSHE does not directly invest in foreign currency investments and is therefore not subject to foreign currency risk. However, it has \$170,480 in mutual funds in both the operating and endowment pools that are primarily invested in international equities at June 30, 2020.

**Fair Value of Investments:** The State uses the market approach to determine the fair value of its investments. The State categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are valued using quoted prices for identical securities in markets that are not active; Level 3 inputs are significant unobservable inputs. The following table summarizes the fair value measurements of the primary government and fiduciary funds as of June 30, 2020 (expressed in thousands):

## Notes to the Financial Statements

For the Year Ended June 30, 2020

	Fair Value Measurements Using			Total
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
<b>Investments by fair value level</b>				
U.S. Treasury securities	\$ 13,791,031	\$ 164	\$ -	\$ 13,791,195
Negotiable certificates of deposit	-	1,026,299	-	1,026,299
U.S. agencies	8,861	656,882	-	665,743
Mutual funds	384,258	-	-	384,258
Asset backed corporate securities	1,715	40,297	-	42,012
Corporate bonds & notes	9,252	953,150	-	962,402
Commercial paper	-	1,109,065	-	1,109,065
Short-term investments	93,146	5,372	-	98,518
Other investments	32	61,777	-	61,809
Equity securities	28,769,386	-	-	28,769,386
Money market funds	1,726,599	-	-	1,726,599
Total investments by fair value level	<u>\$ 44,784,280</u>	<u>\$ 3,853,006</u>	<u>\$ -</u>	<u>\$ 48,637,286</u>
<b>Investments at NAV</b>				
Equity securities				32,015
Mutual funds (unrated)				29,126,227
Real estate				2,115,564
Private equity				2,635,864
Total investments at NAV				<u>33,909,670</u>
<b>Investments at amortized cost</b>				
U.S. Treasury				114,617
U.S. Agencies				70,573
Investment agreements				16,000
Short-term investments				43,475
Total investments at amortized cost				<u>244,665</u>
<b>Total of Investments</b>				<u>\$ 82,791,621</u>

### 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, 2020 (excluding PERS).

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

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

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, 2020 is \$1,325,374,331. Collateral received for outstanding securities lending arrangements consisted of cash in the amount of \$205,982,715 and non-cash in the amount of \$1,176,884,160. The cash collateral is reported on the Statement of Fiduciary Net Position as an asset with a related liability. At June 30, 2020, 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.

## Notes to the Financial Statements

For the Year Ended June 30, 2020

### 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, 2020.

### 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):

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>As shown on financial statements:</b>			
Intergovernmental receivables	\$ 561,488	\$ 38,131	\$ 599,619
Notes/loans receivable	14,543	83,680	98,223
Due from component units	210	24,132	24,342
<b>Total</b>	<u>\$ 576,241</u>	<u>\$ 145,943</u>	<u>\$ 722,184</u>
<b>Classified:</b>			
<b>Current portion:</b>	<u>\$ 519,521</u>	<u>\$ 42,925</u>	<u>\$ 562,446</u>
<b>Noncurrent portion:</b>			
Intergovernmental receivables	42,980	-	42,980
Notes/loans receivable	13,740	79,065	92,805
Due from component units	-	23,953	23,953
<b>Total noncurrent portion</b>	<u>56,720</u>	<u>103,018</u>	<u>159,738</u>
<b>Total</b>	<u>\$ 576,241</u>	<u>\$ 145,943</u>	<u>\$ 722,184</u>

Not included in the receivable balances are amounts considered to be uncollectible. In the governmental funds, uncollectible taxes receivable are estimated at \$19.3 million, and uncollectible accounts receivable are estimated at \$195.5 million. The proprietary funds have \$45.5 million in uncollectible accounts receivable of which \$8.0 million are from uninsured employers’ fines and penalties, and \$11.8 million are from unemployment contributions and benefit overpayments.

## Notes to the Financial Statements

For the Year Ended June 30, 2020

### Note 5. Interfund Transactions

#### A. Interfund Advances

A summary of interfund advances at June 30, 2020, follows (expressed in thousands):

Advances To	Advances From			Total
	General Fund	State Highway	Nonmajor Governmental	
Nonmajor enterprise	\$ 124	\$ -	\$ -	\$ 124
Internal Service Funds	3,850	3,470	-	7,320
<b>Total other funds</b>	<b>\$ 3,974</b>	<b>\$ 3,470</b>	<b>\$ -</b>	<b>\$ 7,444</b>

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, 2020, is shown below (expressed in thousands):

Due From	Due To			
	Major Governmental Funds		Nonmajor Governmental	Total Governmental
	General Fund	State Highway		
<b>Major Governmental Funds:</b>				
General	\$ -	\$ 31,893	\$ 35,460	\$ 67,353
State Highway	2,839	-	12,678	15,517
Nonmajor governmental	119,201	2,822	52,236	174,259
Total Governmental	122,040	34,715	100,374	257,129
<b>Major Enterprise Funds:</b>				
Housing Division	51	-	-	51
Unemployment Comp	-	-	22	22
Water Projects Loans	232	-	-	232
Higher Ed Tuition Trust	108	-	-	108
Nonmajor enterprise	2,441	7	131	2,579
Total Enterprise	2,832	7	153	2,992
Internal Service	3,963	501	152	4,616
<b>Total other funds</b>	<b>\$ 128,835</b>	<b>\$ 35,223</b>	<b>\$ 100,679</b>	<b>\$ 264,737</b>
<b>Fiduciary</b>	<b>\$ 81</b>	<b>\$ -</b>	<b>\$ 1,221</b>	<b>\$ 1,302</b>
<b>Component Units:</b>				
Colorado River Commission	\$ 152	\$ -	\$ -	\$ 152
Nevada System of Higher Education	58	-	179	237
Nevada Capital Investment Corporation	-	-	23,953	23,953
<b>Total Component Units</b>	<b>\$ 210</b>	<b>\$ -</b>	<b>\$ 24,132</b>	<b>\$ 24,342</b>

## Notes to the Financial Statements

For the Year Ended June 30, 2020

	Due To							
	Major Enterprise Funds			Nonmajor Enterprise	Total Enterprise	Internal Service	Total Other Funds	Fiduciary
	Housing Division	Water Projects Loans	Higher Education Tuition Trust					
<b>Due From</b>								
<b>Major Governmental Funds:</b>								
General	\$ 39	\$ 902	\$ 20	\$ 3,734	\$ 4,695	\$ 9,180	\$ 81,228	\$ 571,165
State Highway	-	-	-	24	24	966	16,507	39
Nonmajor governmental	-	-	-	33	33	516	174,808	14
<b>Total Governmental</b>	<b>39</b>	<b>902</b>	<b>20</b>	<b>3,791</b>	<b>4,752</b>	<b>10,662</b>	<b>272,543</b>	<b>571,218</b>
<b>Major Enterprise Funds:</b>								
Housing Division	-	-	-	-	-	3	54	-
Unemployment Comp	-	-	-	-	-	-	22	-
Water Projects Loans	-	-	-	-	-	1	233	-
Higher Ed Tuition Trust	-	-	-	-	-	1	109	-
Nonmajor enterprise	-	-	-	27	27	413	3,019	61
<b>Total Enterprise</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27</b>	<b>27</b>	<b>418</b>	<b>3,437</b>	<b>61</b>
Internal Service	-	-	-	7	7	457	5,080	9
<b>Total other funds</b>	<b>\$ 39</b>	<b>\$ 902</b>	<b>\$ 20</b>	<b>\$ 3,825</b>	<b>\$ 4,786</b>	<b>\$ 11,537</b>	<b>\$ 281,060</b>	<b>\$ 571,288</b>
<b>Fiduciary</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7</b>	<b>\$ 7</b>	<b>\$ 11,700</b>	<b>\$ 13,009</b>	<b>\$ 16</b>
<b>Component Units:</b>								
Colorado River Commission	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ 155	\$ -
Nevada System of Higher Education	-	-	-	-	-	16	253	1,480
Nevada Capital Investment Corporation	-	-	-	-	-	-	23,953	-
<b>Total Component Units</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19</b>	<b>\$ 24,361</b>	<b>\$ 1,480</b>

	Due To		
	Component Units		
	Colorado River Commission	Nevada System of Higher Education	Total Component Units
<b>Due From</b>			
<b>Major Governmental Funds:</b>			
General	\$ 112	\$ 13,782	\$ 13,894
State Highway	-	271	271
Nonmajor governmental	-	60,240	60,240
<b>Total Governmental</b>	<b>112</b>	<b>74,293</b>	<b>74,405</b>
<b>Major Enterprise Funds:</b>			
Nonmajor Enterprise	-	1	1
Total Enterprise	-	1	1
Internal Service	-	12	12
<b>Total</b>	<b>\$ 112</b>	<b>\$ 74,306</b>	<b>\$ 74,418</b>

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

## Notes to the Financial Statements

For the Year Ended June 30, 2020

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

A summary of transfers between funds for the year ended June 30, 2020, is shown below (expressed in thousands):

	Transfers Out/To			
	Major Governmental Funds		Nonmajor Governmental	Total Governmental
	General Fund	State Highway		
<b>Transfers In/From</b>				
<b>Major Governmental Funds:</b>				
General	\$ -	\$ 11,125	\$ 99,634	\$ 110,759
State Highway	27,700	-	2,805	30,505
Nonmajor governmental				
	17,973	5,764	84,351	108,088
Total Governmental	<u>45,673</u>	<u>16,889</u>	<u>186,790</u>	<u>249,352</u>
<b>Major Enterprise Funds:</b>				
Higher Ed Tuition Trust	794	-	-	794
Water Project Loans	2	-	-	2
Nonmajor enterprise	1,797	-	17	1,814
Total Enterprise	<u>2,593</u>	<u>-</u>	<u>17</u>	<u>2,610</u>
Internal Service	2,531	-	-	2,531
<b>Total other funds</b>	<u>\$ 50,797</u>	<u>\$ 16,889</u>	<u>\$ 186,807</u>	<u>\$ 254,493</u>

	Transfers Out/To					
	Major Enterprise Funds		Nonmajor Enterprise Funds	Total Enterprise	Internal Service	Total Other Funds
	Unemployment Compensation	Water Projects Loans				
<b>Transfers In/From</b>						
<b>Major Governmental Funds:</b>						
General	\$ -	\$ 2,066	\$ 13,580	\$ 15,646	\$ 2,181	\$ 128,587
State Highway	-	-	-	-	25	30,530
Nonmajor governmental						
	4,877	-	15	4,892	50	113,030
Total Governmental	<u>4,877</u>	<u>2,066</u>	<u>13,595</u>	<u>20,538</u>	<u>2,256</u>	<u>272,147</u>
<b>Major Enterprise Funds:</b>						
Higher Ed Tuition Trust	-	-	-	-	-	794
Water Project Loans	-	-	-	-	-	2
Nonmajor enterprise	-	-	12	12	-	1,825
Total Enterprise	<u>-</u>	<u>-</u>	<u>12</u>	<u>12</u>	<u>-</u>	<u>2,621</u>
Internal Service	-	-	-	-	-	2,531
<b>Total other funds</b>	<u>\$ 4,877</u>	<u>\$ 2,066</u>	<u>\$ 13,607</u>	<u>\$ 20,550</u>	<u>\$ 2,256</u>	<u>\$ 277,299</u>

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



## Notes to the Financial Statements

For the Year Ended June 30, 2020

### 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, 2020 are as follows (expressed in thousands):

	Primary Government		Component Units
	Governmental Activities	Business-Type Activities	
<b>Restricted:</b>			
Cash	\$ 3,323	\$ -	\$ 100,142
Investments	-	150,974	14,924
<b>Total</b>	<b>\$ 3,323</b>	<b>\$ 150,974</b>	<b>\$ 115,066</b>
<b>Restricted for:</b>			
Debt service	\$ -	\$ 150,974	\$ 1,052
Capital projects	-	-	97,539
Regulation of business	3,323	-	-
Other purposes	-	-	16,475
<b>Total</b>	<b>\$ 3,323</b>	<b>\$ 150,974</b>	<b>\$ 115,066</b>

### Note 7. Capital Assets

Capital asset activity of the primary government for the year ended June 30, 2020, was as follows (expressed in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 169,895	\$ 4,395	\$ (27)	\$ 174,263
Construction in progress	2,315,178	323,135	(40,601)	2,597,712
Infrastructure	5,844,907	19,222	(21,602)	5,842,527
Rights-of-way	961,597	1,303	(3,548)	959,352
Total capital assets, not being depreciated	9,291,577	348,055	(65,778)	9,573,854
<b>Capital assets, being depreciated/amortized</b>				
Buildings	1,935,294	29,980	-	1,965,274
Improvements other than buildings	158,348	6,478	-	164,826
Furniture and equipment	460,817	58,458	(12,441)	506,834
Software costs	323,415	1,792	(465)	324,742
Total capital assets, being depreciated/amortized	2,877,874	96,708	(12,906)	2,961,676
<b>Less accumulated depreciation/amortization for</b>				
Buildings	(767,646)	(50,438)	-	(818,084)
Improvements other than buildings	(100,582)	(4,329)	-	(104,911)
Furniture and equipment	(354,693)	(29,431)	12,745	(371,379)
Software costs	(187,634)	(15,296)	394	(202,536)
Total accumulated depreciation/amortization	(1,410,555)	(99,494)	13,139	(1,496,910)
Total capital assets, being depreciated/amortized, net	1,467,319	(2,786)	233	1,464,766
<b>Governmental activities capital assets, net</b>	<b>\$ 10,758,896</b>	<b>\$ 345,269</b>	<b>\$ (65,545)</b>	<b>\$ 11,038,620</b>

## Notes to the Financial Statements

For the Year Ended June 30, 2020

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 568	\$ -	\$ -	\$ 568
Total capital assets, not being depreciated	<u>568</u>	<u>-</u>	<u>-</u>	<u>568</u>
<b>Capital assets, being depreciated</b>				
Buildings	1,407	-	-	1,407
Improvements other than buildings	5,638	-	-	5,638
Furniture and equipment	16,883	327	(65)	17,145
Total capital assets, being depreciated	<u>23,928</u>	<u>327</u>	<u>(65)</u>	<u>24,190</u>
<b>Less accumulated depreciation for</b>				
Buildings	(1,214)	(48)	-	(1,262)
Improvements other than buildings	(2,780)	(76)	-	(2,856)
Furniture and equipment	(6,905)	(764)	65	(7,604)
Total accumulated depreciation	<u>(10,899)</u>	<u>(888)</u>	<u>65</u>	<u>(11,722)</u>
Total capital assets, being depreciated, net	<u>13,029</u>	<u>(561)</u>	<u>-</u>	<u>12,468</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 13,597</u>	<u>\$ (561)</u>	<u>\$ -</u>	<u>\$ 13,036</u>

Included in the table above are three Department of Corrections facilities that have been closed. These assets are idle, with a carrying value of \$8 million.

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

<b>Governmental activities:</b>	
General government	\$ 6,315
Education, support services	137
Health services	1,109
Law, justice, public safety	38,875
Recreation, resource development	6,628
Social services	18,741
Transportation	15,923
Regulation of business	3,297
Unallocated	2,439
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	6,030
<b>Total depreciation/amortization expense - governmental activities</b>	<u>\$ 99,494</u>
<b>Business-type activities:</b>	
Enterprise	\$ 888
<b>Total depreciation/amortization expense - business-type activities</b>	<u>\$ 888</u>

## Notes to the Financial Statements

For the Year Ended June 30, 2020

Capital asset activity of the Nevada System of Higher Education for the year ended June 30, 2020, was as follows (expressed in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Nevada System of Higher Education:</b>				
<b>Capital assets, not being depreciated</b>				
Construction in progress	\$ 199,188	\$ 141,630	\$ (157,913)	\$ 182,905
Land	165,906	1,710	(191)	167,425
Land improvements	288	-	(61)	227
Intangibles	642	61	-	703
Collections	11,981	122	(45)	12,058
Total capital assets, not being depreciated	<u>378,005</u>	<u>143,523</u>	<u>(158,210)</u>	<u>363,318</u>
<b>Capital assets, being depreciated</b>				
Buildings	2,951,584	213,343	(3,019)	3,161,908
Land improvements	164,173	10,231	(179)	174,225
Machinery and equipment	404,002	32,509	(17,045)	419,466
Intangibles	47,522	1,797	(18)	49,301
Library books and media	123,698	1,870	(1,629)	123,939
Total capital assets, being depreciated	<u>3,690,979</u>	<u>259,750</u>	<u>(21,890)</u>	<u>3,928,839</u>
<b>Less accumulated depreciation for</b>				
Buildings	(1,082,663)	(95,960)	-	(1,178,623)
Land improvements	(118,909)	(5,288)	115	(124,082)
Machinery and equipment	(307,548)	(27,099)	14,121	(320,526)
Intangibles	(38,909)	(5,019)	-	(43,928)
Library books and media	(119,373)	(2,115)	1,626	(119,862)
Total accumulated depreciation	<u>(1,667,402)</u>	<u>(135,481)</u>	<u>15,862</u>	<u>(1,787,021)</u>
Total capital assets being depreciated, net	<u>2,023,577</u>	<u>124,269</u>	<u>(6,028)</u>	<u>2,141,818</u>
<b>Nevada System of Higher Education activity capital assets, net</b>	<u>\$ 2,401,582</u>	<u>\$ 267,792</u>	<u>\$ (164,238)</u>	<u>\$ 2,505,136</u>

## 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
2021	\$ 3,383
2022	3,381
2023	3,380
2024	3,381
2025	3,380
2026-2044	60,880
<b>Total future minimum lease revenues</b>	<u>\$ 77,785</u>

## Notes to the Financial Statements

For the Year Ended June 30, 2020

### Note 9. Short and Long -Term Obligations

#### A. Changes in Long-Term Obligations

The following is a summary of changes in long-term obligations of the primary government for the fiscal year ended June 30, 2020 (expressed in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
<b>Governmental activities:</b>					
<i>Bonds payable:</i>					
General obligation bonds	\$ 1,207,097	\$ 160,170	\$ (184,986)	\$ 1,182,281	\$ 144,303
General obligation bonds-private placement	1,175	-	(1,175)	-	-
Special obligation bonds	745,295	-	(40,835)	704,460	42,875
Subtotal	1,953,567	160,170	(226,996)	1,886,741	187,178
Issuance premiums (discounts)	161,348	19,687	(33,703)	147,332	31,006
Total bonds payable	2,114,915	179,857	(260,699)	2,034,073	218,184
Certificates of participation	75,125	-	(2,880)	72,245	3,005
Certificates of participation-private placement	2,662	-	(359)	2,303	371
Subtotal	77,787	-	(3,239)	74,548	3,376
Issuance premiums (discounts)	315	-	(276)	39	224
Total certificates of participation	78,102	-	(3,515)	74,587	3,600
<i>Other governmental long-term activities:</i>					
Obligations under capital leases	14,870	-	(3,604)	11,266	3,724
Compensated absences obligations	104,659	92,372	(80,651)	116,380	88,175
Pollution remediation obligations	5,272	-	(272)	5,000	725
Total other governmental long-term activities	124,801	92,372	(84,527)	132,646	92,624
<b>Governmental activities long-term obligations</b>	<b>\$ 2,317,818</b>	<b>\$ 272,229</b>	<b>\$ (348,741)</b>	<b>\$ 2,241,306</b>	<b>\$ 314,408</b>
<b>Business-type activities:</b>					
<i>Bonds payable:</i>					
General obligation bonds	\$ 48,963	\$ 36,180	\$ (11,019)	\$ 74,124	\$ 11,197
Special obligation bonds	628,948	292,857	(45,890)	875,915	52,517
Subtotal	677,911	329,037	(56,909)	950,039	63,714
Issuance premiums (discounts)	3,142	8,698	(1,263)	10,577	1,403
Total bonds payable	681,053	337,735	(58,172)	960,616	65,117
Compensated absences obligations	1,919	1,840	(1,539)	2,220	1,717
Tuition benefits payable	211,105	5,592	(10,352)	206,345	19,182
<b>Business-type activities long-term obligations</b>	<b>\$ 894,077</b>	<b>\$ 345,167</b>	<b>\$ (70,063)</b>	<b>\$ 1,169,181</b>	<b>\$ 86,016</b>

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

#### B. Bonds Payable

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

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

## Notes to the Financial Statements

For the Year Ended June 30, 2020

General obligation bonds and special obligation bonds of the primary government outstanding at June 30, 2020 are comprised of the following (expressed in thousands):

	Interest Rates	Original Amount	Principal Outstanding
<b>Governmental activities:</b>			
<i>General obligation bonds:</i>			
Subject to Constitutional Debt Limitation	3.0-5.0%	\$ 1,288,520	\$ 981,760
Exempt from Constitutional Debt Limitation	2.0-6.0%	267,176	200,521
<i>Special obligation bonds:</i>			
Exempt from Constitutional Debt Limitation- Highway Improvement Revenue Bonds	3.0-5.0%	869,925	704,460
Subtotal		2,425,621	1,886,741
<i>Issuance premiums (discounts)</i>		363,202	147,332
<b>Governmental activities bonds payable</b>		<b>2,788,823</b>	<b>2,034,073</b>
<b>Business-type activities:</b>			
<i>General obligation bonds:</i>			
Exempt from Constitutional Debt Limitation	2.0-5.5%	126,582	74,124
<i>Special obligation bonds:</i>			
Housing Bonds	*.50-6.95%	1,178,136	875,915
Subtotal		1,304,718	950,039
<i>Issuance premiums (discounts)</i>		18,308	10,577
<b>Business-type activities bonds payable</b>		<b>1,323,026</b>	<b>960,616</b>
<b>Total bonds payable</b>		<b>\$ 4,111,849</b>	<b>\$ 2,994,689</b>

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

Debt service requirements (principal and interest) for all long-term bonds and notes outstanding at June 30, 2020, of the primary government are summarized in the table following (expressed in thousands):

Year Ending June 30	Governmental Activities				Business-Type Activities			
	General Obligation		Special Obligation		General Obligation		Special Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 144,303	\$ 52,809	\$ 42,875	\$ 30,658	\$ 11,197	\$ 2,884	\$ 52,517	\$ 28,925
2022	123,108	45,603	35,545	28,698	8,292	2,457	27,940	27,318
2023	117,924	39,419	37,225	26,943	7,756	2,121	8,191	32,993
2024	108,084	33,513	38,855	25,118	4,601	1,861	7,507	33,721
2025	111,727	28,156	40,675	23,142	5,458	1,629	10,781	33,272
2026-2030	376,315	68,452	233,715	83,698	20,085	5,097	50,794	128,599
2031-2035	158,110	21,654	235,115	31,703	15,055	1,513	132,774	114,456
2036-2040	42,710	2,538	40,455	2,124	1,680	91	130,839	86,613
2041-2045	-	-	-	-	-	-	71,861	72,640
2046-2050	-	-	-	-	-	-	38,248	64,109
2051-2055	-	-	-	-	-	-	254,463	32,991
2056-2060	-	-	-	-	-	-	90,000	12,439
<b>Total</b>	<b>\$ 1,182,281</b>	<b>\$ 292,144</b>	<b>\$ 704,460</b>	<b>\$ 252,084</b>	<b>\$ 74,124</b>	<b>\$ 17,653</b>	<b>\$ 875,915</b>	<b>\$ 668,076</b>

### 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, 2020, the debt limitation and its unused portion are computed as follows (expressed in thousands):

Debt limitation (2% of total assessed valuation)	\$ 2,886,475
Less: Bonds and leases payable as of June 30, 2020, subject to limitation	(981,760)
<b>Remaining debt capacity</b>	<b>\$ 1,904,715</b>

### 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

## Notes to the Financial Statements

For the Year Ended June 30, 2020

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, 2020, and total outstanding loans to local governments amounted to \$83,680,000.

### E. Refunded Debt and Redemptions

During the fiscal year 2020, the State of Nevada refunded \$56,895,000 in general obligation, limited tax, bonds related to capital improvement, cultural affairs and refunding by issuing refunding bonds with a total par amount of \$43,925,000 at a \$8,426,056 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 \$7,264,412 with an economic or present value gain of \$6,690,674. The reacquisition price exceeded the carrying amount of the old debt causing a deferred accounting loss of \$343,719. 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
Capital Improvement Bonds Series 2009A	\$ 55,134	\$ 54,790	\$ 6,886	\$ 6,342
Capital Improvement, Cultural Affairs and Refunding Bonds Series 2009B	2,116	2,106	378	349
<b>Total</b>	<b>\$ 57,250</b>	<b>\$ 56,896</b>	<b>\$ 7,264</b>	<b>\$ 6,691</b>

### 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, 2020 include vehicles and building improvements of \$32,159,486 with accumulated depreciation of \$12,511,624.

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, 2020 follow (expressed in thousands):

Year Ending June 30	Governmental Activities
2021	\$ 4,177
2022	2,981
2023	1,902
2024	1,977
2025	1,348
Total minimum lease payments	12,385
Less: amount representing interest	(1,119)
<b>Obligations under capital leases</b>	<b>\$ 11,266</b>

### G. Certificates of Participation

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

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

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

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

## Notes to the Financial Statements

For the Year Ended June 30, 2020

The following schedule presents future certificates of participation payments as of June 30, 2020 (expressed in thousands):

Year Ending June 30	Certificates of Participation		Certificates of Participation-Private Placements	
	Principal	Interest	Principal	Interest
2021	\$ 3,005	\$ 3,411	\$ 371	\$ 51
2022	3,140	3,270	377	43
2023	3,295	3,113	388	35
2024	3,465	2,948	393	26
2025	3,640	2,775	402	17
2026-2030	20,860	11,193	372	8
2031-2035	12,945	6,996	-	-
2036-2040	12,685	4,228	-	-
2041-2045	9,210	936	-	-
<b>Total</b>	<b>\$ 72,245</b>	<b>\$ 38,870</b>	<b>\$ 2,303</b>	<b>\$ 180</b>

### 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	\$	206,345
Net position available		348,302
Net position as a percentage of tuition benefits obligation		168.80 %

The actuarial valuation used an investment yield assumption of 5.25% per year and tuition growth assumptions as follows:

	Universities	Community Colleges
2021-22	2.80%	2.80%
2022-23	2.80%	2.80%
2023-24	2.50%	2.50%
2024-25 and later	4.00%	3.50%

### I. Arbitrage Rebate Requirement

The Tax Reform Act of 1986 imposes a rebate requirement with respect to some bonds issued by the State. Under this requirement, an amount equal to the sum of (a) the excess of the aggregate amount earned on all investments (other than certain specified exceptions) over the amount that would have been earned if all investments were invested at a rate equal to the yield on the bonds, and (b) any income earned on the excess described in (a) must be rebated to the United States Treasury, in order for the interest on the bonds to be excluded from gross income for federal income tax purposes. In accordance with the Internal Revenue Service Regulations, arbitrage rebate liability calculated as of June 30, 2020 is \$0.

### 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, 2020 there are seven series of Industrial Revenue Bonds and five series of Charter School Bonds outstanding, with an aggregate principal amount payable of \$389,757,000.

### 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

## Notes to the Financial Statements

For the Year Ended June 30, 2020

highway construction projects and property acquisition purposes. As of June 30, 2020, the outstanding balance of Highway Improvement Revenue and Refunding bonds is \$704,460,000. The total of principal and interest remaining on the bonds is \$956,544,381 payable through December 2037. Upon completion of eligible projects, federal aid of \$368,000,000 is expected to be received in fiscal year 2021. For the current year, principal and interest paid was \$73,585,988 and total motor vehicle fuel and special fuel tax revenues were \$296,392,580.

*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, 2020, the outstanding balance of Lease Revenue Certificates of Participation is \$74,548,000. The total of principal and interest remaining on the certificates is \$113,598,980 payable through June 2043. In fiscal year 2020, principal and interest of \$6,835,984 was paid. Building rent of \$7,000,000 is expected to be collected in fiscal year 2021, which will be used to pay the fiscal year 2021 debt service principal and interest of \$6,838,514.

*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, 2020, the outstanding balance of single-family and multi-unit bonds is \$875,914,539. The total of principal and interest remaining on the bonds is \$1,548,316,293 payable through February 2058. In fiscal year 2020, principal and interest of \$63,498,003 was paid. As of June 30, 2020, \$151,373,095 was held by the trustee for the benefit of the single-family bondholders. The amount of payments received for mortgage loans in fiscal year 2020 is \$249,442,206. One hundred million is expected to be collected in fiscal year 2021, which, along with assets held by the trustee, will be used to pay the fiscal year 2021 debt service principal and interest of \$81,589,554.

### L. Pollution Remediation Obligation

Currently there are three 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, 2020 the total pollution remediation obligation is \$5,000,000.

### M. Component Unit Obligations

Nevada System of Higher Education (NSHE) – Bonds, notes, capital leases and compensated absences payable by NSHE at June 30, 2020 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	\$ 717,562	\$ 74,460	\$ (43,813)	\$ 748,209	\$ 65,980
Issuance premiums (discounts)	41,358	4,889	(3,495)	42,752	3,341
<b>Total bonds payable</b>	<b>758,920</b>	<b>79,349</b>	<b>(47,308)</b>	<b>790,961</b>	<b>69,321</b>
Obligations under capital leases	52,104	1,588	(2,283)	51,409	2,600
Compensated absences obligations	55,048	41,571	(32,740)	63,879	42,762
<b>Total</b>	<b>\$ 866,072</b>	<b>\$ 122,508</b>	<b>\$ (82,331)</b>	<b>906,249</b>	<b>114,683</b>
<b>Discretely presented component units of the NSHE:</b>					
Bonds and notes payable				1,602	340
Compensated absences obligations				435	-
Obligations under capital leases				453	254
<b>Total</b>				<b>\$ 908,739</b>	<b>\$ 115,277</b>



## Notes to the Financial Statements

For the Year Ended June 30, 2020

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, 2020 (expressed in thousands):

Year Ending June 30	Principal	Interest
2021	\$ 65,980	\$ 25,566
2022	39,464	23,417
2023	37,444	22,108
2024	33,053	20,788
2025	30,340	19,471
2026-2030	144,138	79,390
2031-2035	154,225	50,831
2036-2040	105,900	27,675
2041-2045	85,610	13,093
2046-2050	48,750	2,664
2051-2055	3,305	50
	<u>748,209</u>	<u>285,053</u>
Premiums	42,752	-
<b>Total</b>	<u><u>\$ 790,961</u></u>	<u><u>\$ 285,053</u></u>

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
2021	\$ 5,057
2022	4,827
2023	3,806
2024	3,863
2025	3,704
2026-2030	17,184
Thereafter	<u>46,135</u>
Total minimum lease payments	84,576
Less: amount representing interest	<u>(33,167)</u>
<b>Obligations under capital leases</b>	<u><u>\$ 51,409</u></u>

Colorado River Commission (CRC) – Bonds and compensated absences payable by CRC at June 30, 2020, 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
<b>Bonds payable:</b>					
General obligation bonds	\$ 27,480	\$ -	\$ (740)	\$ 26,740	\$ 755
Issuance premiums (discounts)	(144)	-	6	(138)	-
<b>Total bonds payable</b>	<u>27,336</u>	<u>-</u>	<u>(734)</u>	<u>26,602</u>	<u>755</u>
Compensated absences obligations	458	247	(186)	519	329
<b>Total</b>	<u><u>\$ 27,794</u></u>	<u><u>\$ 247</u></u>	<u><u>\$ (920)</u></u>	<u><u>\$ 27,121</u></u>	<u><u>\$ 1,084</u></u>

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
2021	\$ 755	\$ 1,033
2022	770	1,015
2023	800	994
2024	815	971
2025	835	945
2026-2030	4,655	4,258
2031-2035	5,610	3,266
2036-2040	6,580	1,960
2041-2045	5,920	516
<b>Total</b>	<u><u>\$ 26,740</u></u>	<u><u>\$ 14,958</u></u>

### N. Short-Term Obligations

Primary Government - There was no short-term debt outstanding at July 1, 2019 or June 30, 2020.

## Notes to the Financial Statements

For the Year Ended June 30, 2020

### 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 \$2,290,133,549, deferred outflows of resources of \$423,289,621, deferred inflows of resources of \$223,906,429, pension expenditures of \$231,781,268 and pension expense of \$11,560,514. Pension expenditures and expense total \$243,341,782. The State's defined benefit pension plans are described in detail below.

The aggregate pension related amounts for discretely presented component units consist of a net pension liability of \$420,022,027, deferred outflows of resources of \$83,110,150, deferred inflows of resources of \$33,104,680 and pension expense of \$16,964,410.

#### 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](http://www.nvpers.org).

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

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

## Notes to the Financial Statements

For the Year Ended June 30, 2020

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

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

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

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

Required contribution rates for employers and for active plan members, as a percentage of covered payroll, for the fiscal year ended June 30, 2020 were as follows:

	Statutory Rate	
	Employer	Employees
<b>Regular employees:</b>		
Employer-pay plan	29.25 %	-
Employee/employer plan (matching rate)	15.25 %	15.25 %
<b>Police and Fire employees:</b>		
Employer-pay plan	42.50 %	-
Employee/employer plan (matching rate)	22.00 %	22.00 %

The primary government contributions recognized as part of pension expense for the current fiscal year ended June 30, 2020 were \$161,627,368 and discretely presented component unit contributions totaled \$28,972,042.

*Pension Liabilities, Pension Expenditure/Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Primary Government* - At June 30, 2020, the State reported a liability of \$2,278,610,292, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the State's proportion was 16.71%, an increase of .22% from its proportion measured at June 30, 2018.

For the year ended June 30, 2020, the State recognized pension expenditure of \$228,152,923 and pension expense of \$11,560,514. At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

## Notes to the Financial Statements

For the Year Ended June 30, 2020

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 85,445	\$ (65,724)
Changes of assumption	92,730	-
Net difference between projected and actual earnings on pension plan investments	-	(113,353)
Changes in proportionate share of contributions	62,575	(40,173)
State contributions subsequent to the measurement date	177,255	-
<b>Total</b>	<u>\$ 418,005</u>	<u>\$ (219,250)</u>

Deferred outflows of resources of \$177,255,222 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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

<b>Year Ended June 30:</b>	
2021	\$ 2,934
2022	(32,115)
2023	25,119
2024	13,951
2025	10,025
Thereafter	1,586

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Nevada System of Higher Education (NSHE)* - At June 30, 2020, the NSHE reported a liability of \$414,036,000, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The NSHE's proportion of the net pension liability was based on the NSHE's share of contributions in PERS pension plan relative to the total contributions of all participating PERS employers and members. At June 30, 2019, the NSHE's proportion was 3.04%, an increase of .12% from its proportion measured at June 30, 2018.

For the year ended June 30, 2020, the NSHE recognized pension expense of \$16,420,000. At June 30, 2020, the NSHE reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 15,526	\$ (11,675)
Changes of assumption	16,850	-
Net difference between projected and actual earnings on pension plan investments	-	(20,136)
Changes in proportionate share of contributions	19,088	(728)
NSHE contributions subsequent to the measurement date	30,564	-
<b>Total</b>	<u>\$ 82,028</u>	<u>\$ (32,539)</u>

Deferred outflows of resources of \$30,564,000 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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

<b>Year Ended June 30:</b>	
2021	\$ 134,780
2022	(908,084)
2023	249,473
2024	309,038
2025	175,630
Thereafter	20,238

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Colorado River Commission (CRC)* - At June 30, 2020, the CRC reported a liability of \$5,986,027, for its proportionate share

## Notes to the Financial Statements

For the Year Ended June 30, 2020

of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The CRC's proportion of the net pension liability was based on the CRC's share of contributions in PERS pension plan relative to the total contributions of all participating PERS employers and members. At June 30, 2019, the CRC's proportion was .04%, no change from its proportion measured at June 30, 2018.

For the year ended June 30, 2020, the CRC recognized pension expense of \$544,410. At June 30, 2020, the CRC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 224	\$ (173)
Changes of assumption	244	-
Net difference between projected and actual earnings on pension plan investments	-	(298)
Changes in proportionate share of contributions	150	(95)
CRC contributions subsequent to the measurement date	465	-
<b>Total</b>	<u>\$ 1,083</u>	<u>\$ (566)</u>

Deferred outflows of resources of \$465,000 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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

<b>Year Ended June 30:</b>	
2021	\$ 24
2022	(102)
2023	51
2024	45
2025	29
Thereafter	5

*Actuarial Assumptions* – The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<i>Inflation rate:</i>	2.75%
<i>Payroll growth:</i>	5.00%, including inflation
<i>Investment rate of return:</i>	7.50%
<i>Productivity pay increase:</i>	0.50%
<i>Projected salary increases:</i>	Regular: 4.25% to 9.15%, depending on service Police/Fire: 4.55% to 13.90%, depending on service Rates include inflation and productivity increases
<i>Consumer price index:</i>	2.75%
<i>Other assumptions:</i>	Same as those used in the June 30, 2019 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.

## Notes to the Financial Statements

For the Year Ended June 30, 2020

Actuarial assumptions used in the June 30, 2019 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, 2019, are included in the following table:

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

*Discount Rate* – The discount rate used to measure the total pension liability was 7.5% as of June 30, 2019. 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, 2019.

*Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* – The following presents the proportionate share of the net pension liability at June 30, 2019 calculated using the discount rate of 7.5%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate (expressed in thousands):

	<u>1% Decrease in Discount Rate (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase in Discount Rate (8.5%)</u>
Primary government - net pension liability	\$ 3,528,152	\$ 2,278,610	\$ 1,239,924
Nevada System of Higher Education - net pension liability	641,086	414,036	225,301
Colorado River Commission - net pension liability	9,269	5,986	3,257

*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, 2020, the primary government reported payables to the defined benefit pension plan of \$18,230,405 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.

## Notes to the Financial Statements

For the Year Ended June 30, 2020

At June 30, 2019, the LRS pension plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	72
Inactive vested members	11
Inactive non-vested members	33
Active members	35
<b>Total</b>	<b>151</b>

*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 16 years of retirement. Those hired in between 2010 and 2015 are also assumed to reach the cap after 16 years of retirement. Those hired after 2015 will never receive an annual increase that exceeds 2.75. Underlying all of these assumptions is that CPI will grow over time at a rate of 2.75% 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 \$195,870 for fiscal years 2019 and 2020, 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 2019, of which \$97,935 (half) was recognized as employer contributions in the fiscal year 2019, and the other half has been recognized as employer contributions in fiscal year 2020.

State contributions recognized as part of pension expense for the fiscal year ended June 30, 2020 were \$97,935.

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, 2020, the State reported a net pension liability of \$126,739. The net pension liability was measured as

## Notes to the Financial Statements

For the Year Ended June 30, 2020

of June 30, 2019, 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, 2020, the State recognized pension income of \$167,401. At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (10)
Differences between expected and actual experience	-	(52)
State contributions subsequent to the measurement date	98	-
<b>Total</b>	<b>\$ 98</b>	<b>\$ (62)</b>

Deferred outflows of resources of \$97,935 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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	
2021	\$ 1
2022	(50)
2023	(13)
2024	-
2025	-
Thereafter	-

The following table presents the changes in the net pension liability for LRS for the year ended June 30, 2019 (expressed in thousands):

	<u>2019</u>
<b>Total pension liability</b>	
Service cost	\$ 29
Interest	372
Difference between expected and actual experience	(266)
Benefit payments, including refunds	(470)
Net change in total pension liability	(335)
Total pension liability - beginning	5,165
<b>Total pension liability - ending (a)</b>	<b>\$ 4,830</b>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 98
Contributions - plan member	24
Net investment income	342
Benefit payments, including refunds	(470)
Administration expenses	(75)
Other	76
Net change in plan fiduciary net position	(5)
Plan fiduciary net position - beginning	4,708
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 4,703</b>
<b>Net pension liability - beginning</b>	<b>\$ 457</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 127</b>
Plan fiduciary net position as a percentage of total pension liability	97%
Covered payroll	N/A
Net pension liability as a percentage of covered payroll	N/A



## Notes to the Financial Statements

For the Year Ended June 30, 2020

*Actuarial Assumptions* – The State’s net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<i>Inflation rate:</i>	2.75%
<i>Investment rate of return:</i>	7.50%
<i>Projected salary increases:</i>	2.75%
<i>Consumer price index:</i>	2.75%
<i>Other assumptions:</i>	Same as those used in the June 30, 2019 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. 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 at age 50 from the Employee mortality tables. The mortality rates are projected to 2020 with Scale MP-2016. The RP-2014 Headcount-Weighted Mortality Tables, set forward one year for spouses and beneficiaries, reasonably reflect the projected mortality experience of the Plan as of the measurement date. The additional projection of 6 years is a provision made for future mortality improvement. No pre-retirement mortality is assumed.

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of the actuarial experience study for the period July 1, 2012, through June 30, 2017.

*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, 2019, are included in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Geometric Expected Real Rate of Return</u>
U.S. stocks	51%	5.50%
International stocks	22%	5.50%
U.S. bonds	28%	0.75%

*Discount Rate* – The discount rate used to measure the total pension liability was 7.5% as of June 30, 2019. 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):

	<u>1% Decrease in Discount Rate (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase in Discount Rate (8.5%)</u>
Net pension liability	\$ 545	\$ 127	\$ (232)

*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, 2020, the State had no payables to the defined benefit pension plan for legally required employer contributions.

## Notes to the Financial Statements

For the Year Ended June 30, 2020

### 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, 2019, the JRS pension plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	83
Inactive vested members	2
Active members	112
<b>Total</b>	<b>197</b>

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

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

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

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.

## Notes to the Financial Statements

For the Year Ended June 30, 2020

The State's annual actuarially determined contribution to fund the System at June 30, 2020 was \$5,299,834 and the actual contribution made was \$4,776,295.

*Pension Liability, Pension Expenditure, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* – At June 30, 2020, the State reported a liability of \$11,396,418 for its net pension liability for the JRS pension plan. The net pension liability was measured as of June 30, 2019, 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, 2020, the State recognized pension expenditure of \$3,795,746. At June 30, 2020, 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	\$ 334	\$ (3,284)
Change of assumptions	23	(1,211)
Changes in proportion and differences between State contributions and proportionate share of contributions	53	(99)
State contributions subsequent to the measurement date	4,776	-
<b>Total</b>	<u>\$ 5,186</u>	<u>\$ (4,594)</u>

Deferred outflows of resources of \$4,776,295 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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:	
2021	\$ (1,267)
2022	(1,918)
2023	(953)
2024	(46)
2025	-
Thereafter	-

The following table presents the changes in the net pension liability for JRS for the year ended June 30, 2019 (expressed in thousands):

	<u>2019</u>
<b>Total pension liability</b>	
Service cost	\$ 4,092
Interest	10,415
Differences between expected and actual experience	(30)
Benefit payments, including refunds	(6,119)
Other	220
Net change in total pension liability	<u>8,578</u>
Total pension liability - beginning	137,726
<b>Total pension liability - ending (a)</b>	<u>\$ 146,304</u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 5,265
Employee purchase of service	473
Net investment income	9,551
Benefit payments, including refunds	(6,119)
Administrative expenses	(106)
Other	220
Net change in plan fiduciary net position	<u>9,284</u>
Plan fiduciary net position - beginning	124,374
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 133,658</u>
<b>Net pension liability - beginning</b>	\$ 13,352
<b>Net pension liability - ending (a) - (b)</b>	\$ 12,646
Plan fiduciary net position as a percentage of total pension liability	91%
Covered payroll (measurement as of end of fiscal year)	\$ 20,353
Net pension liability as a percentage of covered payroll	62%

## Notes to the Financial Statements

For the Year Ended June 30, 2020

*Actuarial Assumptions* – The State’s net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<i>Inflation rate:</i>	2.75%
<i>Investment rate of return:</i>	7.50%
<i>Projected salary increases:</i>	3.00% to 8.00%, varying by service
<i>Consumer Price Index:</i>	2.75%
<i>Other assumptions:</i>	Same as those used in the June 30, 2019 funding actuarial valuation

Post-Retirement 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 at age 50 from the Employee mortality tables. The mortality rates are then projected to 2020 with Scale MP-2016. Pre-Retirement mortality rates were based on Headcount-Weighted RP-2014 Employee Mortality Tables, projected to 2020 with Scale MP-2016.

The actuarial assumptions used in the June 30, 2019 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, 2019, are included in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Arithmetic Real Rate of Return</u>
U.S. stocks	49%	6.60%
International stocks	21%	7.37%
U.S. bonds	30%	0.36%

*Discount Rate* – The discount rate used to measure the total pension liability was 7.5% as of June 30, 2019. 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):

	<u>1% Decrease in Discount Rate (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase in Discount Rate (8.5%)</u>
Net pension liability	\$ 26,276	\$ 11,396	\$ (1,233)

*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, 2020, the State reported payables to the defined benefit pension plan of \$273,154 for legally required employer contributions not yet remitted to JRS.

## Notes to the Financial Statements

For the Year Ended June 30, 2020

### 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](http://www.pebp.state.nv.us). Benefits include health, prescription drug, dental and life insurance coverage. As required by statute, benefits are determined by the number of years of service at the time of retirement and the individual's initial date of hire. Officers and employees hired after December 31, 2011 are not eligible to receive subsidies to reduce premiums. The following individuals and their dependents are eligible to receive subsidies from the 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.

## Notes to the Financial Statements

For the Year Ended June 30, 2020

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, 2019 was 2.34%. Contributions recognized as part of OPEB expense for the current fiscal year ended June 30, 2020 were \$25,957,354 for the primary government, \$17,715,000 for the Nevada System of Higher Education, and \$72,666 for the Colorado River Commission.

*OPEB Liabilities, OPEB Expenditure/Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB - Primary Government* - At June 30, 2020, the State reported a liability of \$810,287,841, for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2019, 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, 2020, the State's proportion was 58.14%, a decrease of 1.74% from its proportion measured at June 30, 2019.

For the year ended June 30, 2020, the State recognized OPEB expenditure of \$19,511,325 and OPEB expense of \$81,443. At June 30, 2020, 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
Differences between expected and actual experience	\$ -	\$ 14,477
Changes of assumptions	17,459	34,612
Net Differences between projected and actual investment earnings on OPEB plan investments	-	137
Contributions subsequent to the measurement date and implicit subsidy paid	33,015	-
Total	<u>\$ 50,474</u>	<u>\$ 49,226</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$25,957,354 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, 2021.

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:	
2021	\$ (16,182)
2022	(13,445)
2023	(2,738)
2024	598
2025	-
Thereafter	-

*OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB - Nevada System of Higher Education (NSHE)* - At June 30, 2020, the NSHE reported a liability of \$569,268,000, for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of July 1, 2019, 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 NSHE's proportion of the collective net OPEB liability was based on the NSHE's share of contributions in the OPEB plan relative to the total contributions of all participating OPEB employers and members. At June 30, 2020, the NSHE's proportion was 40.85%, an increase of 1.72% from its proportion measured at June 30, 2019.

## Notes to the Financial Statements

For the Year Ended June 30, 2020

For the year ended June 30, 2020, the NSHE recognized OPEB expense of \$37,523,000. At June 30, 2020, the NSHE 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
Differences between expected and actual experience	\$ -	\$ 10,171
Changes of assumptions	12,266	24,316
Net Differences between projected and actual investment earnings on OPEB plan investments	-	97
Contributions subsequent to the measurement date	17,715	-
Total	<u>\$ 29,981</u>	<u>\$ 34,584</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$17,715,000 resulting from NSHE contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2021.

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:	
2021	\$ (11,369)
2022	(9,446)
2023	(1,923)
2024	420
2025	-
Thereafter	-

*OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB - Colorado River Commission (CRC)* - At June 30, 2020, the CRC reported a liability of \$2,267,166, for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of July 1, 2019, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The CRC's proportion of the collective net OPEB liability was based on the CRC's share of contributions in the OPEB plan relative to the total contributions of all participating OPEB employers and members. At June 30, 2020, the CRC's proportion was 0.1627%, a decrease of 0.0048% from its proportion measured at June 30, 2019.

For the year ended June 30, 2020, the CRC recognized OPEB expense of \$123,598. At June 30, 2020, the CRC 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	\$ 97
Net Differences between projected and actual investment earnings on OPEB plan investments	-	41
Contributions subsequent to the measurement date	73	-
Total	<u>\$ 122</u>	<u>\$ 138</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$72,666 resulting from CRC contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2021.

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:	
2020	\$ (45)
2021	(38)
2022	(8)
2023	2
2024	-
Thereafter	-

## Notes to the Financial Statements

For the Year Ended June 30, 2020

*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:

<i>Inflation:</i>	2.50%
<i>Salary increases:</i>	0.50% productivity pay increase, 2.73% average promotional and merit salary increase
<i>Investment rate of return:</i>	3.51% based on a 20-Year Municipal Bond Index
<i>Healthcare cost trend rates:</i>	7.00% initially, decreasing to a 4.50% long-term trend rate after seven years

Healthy mortality rates for Pre-Retirement were based on the RP-2014, Headcount-weighted Employee table projected to 2020 with Scale MP-2016. Post-Retirement rates were based on Headcount-Weighted RP-2014 Healthy Annuitant table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. Disabled mortality rates were based on the RP-2014 Headcount-weighted Disability Retiree table, set forward four years.

The actuarial assumptions used in the January 1, 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 3.87%, 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, 2019 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 Proportionate Share of the Collective Net OPEB Liability to Changes in the Discount Rate* – The following presents the proportionate share of the collective net OPEB liability, as well as what the proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate (expressed in thousands):

	<b>1% Decrease in Discount Rate (2.87%)</b>	<b>Discount Rate (3.87%)</b>	<b>1% Increase in Discount Rate (4.87%)</b>
State's proportionate share of the collective net OPEB liability	\$ 893,407	\$ 810,288	\$ 738,173
NSHE's proportionate share of the collective net OPEB liability	627,664	569,268	518,604
CRC's proportionate share of the collective net OPEB liability	2,500	2,267	2,065

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

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
State's proportionate share of the collective net OPEB liability	\$ 751,772	\$ 810,288	\$ 879,797
NSHE's proportionate share of the collective net OPEB liability	528,158	569,268	618,103
CRC's proportionate share of the collective net OPEB liability	2,103	2,267	2,462

*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, 2020, the primary government and the NSHE reported payables to the defined benefit OPEB plan of \$130,776 and \$1,608,000, respectively, for statutorily required employer contributions which had been assessed on employee salaries but not yet remitted to the Retirees' Fund.



## Notes to the Financial Statements

For the Year Ended June 30, 2020

### Note 12. Risk Management

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

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

	<u>Self-Insurance</u>	<u>Insurance Premiums</u>
Balance June 30, 2018	\$ 71,683	\$ 61,191
Claims and changes in estimates	314,547	13,949
Claim payments	<u>(291,349)</u>	<u>(13,802)</u>
Balance June 30, 2019	94,881	61,338
Claims and changes in estimates	303,889	15,313
Claim payments	<u>(309,068)</u>	<u>(13,439)</u>
<b>Balance June 30, 2020</b>	<b><u>\$ 89,702</u></b>	<b><u>\$ 63,212</u></b>
Due Within One Year	\$ 89,702	\$ 19,248

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, 2020. The estimated liability for these claims has been factored into the calculation of the reserve for losses and loss adjustment expenses developed.

#### A. Self-Insurance Fund

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

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

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

## Notes to the Financial Statements

*For the Year Ended June 30, 2020*

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

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

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

For the period beginning January 1, 2001, and for each calendar year thereafter, the Fund purchased a high deductible policy for workers' compensation. Liabilities in the amount of \$49,923,541 as of June 30, 2020 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, 2020.

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

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

At June 30, 2020, 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 \$6,422,800 to \$22,860,000 for heart disease, \$7,676,230 for lung disease and \$7,108,000 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, 2020 total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by \$42,893,926. The Fund is liable for approximately \$43 million as of June 30, 2020 in potential claims settlements, which have yet to be funded through premium contributions. As NRS 331.187 provides that if money in the Fund is insufficient to pay a tort claim, the claim is to be paid from the reserve for statutory contingency account, and, as management assesses premiums to cover current claims payments, management believes that this provides the opportunity for the Fund to satisfy these liabilities.

## Notes to the Financial Statements

For the Year Ended June 30, 2020

### Note 13. Fund Balances and Net Position

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

The government-wide statement of net position reports \$3,168,782,000 of net position-restricted for the primary government, of which \$158,112,099 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, 2020, is shown below (expressed in thousands):

	Major Governmental Funds		Nonmajor Governmental Funds	Total Governmental
	General Fund	State Highway		
<b>Fund balances:</b>				
<b>Nonspendable:</b>				
Long term notes/loans receivable	\$ 13,740	\$ -	(1) \$	13,739
Inventory	7,960	22,515	479	30,954
Advances	3,974	-	-	3,974
Prepaid items	3,802	382	95	4,279
Permanent fund principal	-	-	383,664	383,664
<b>Restricted for:</b>				
Administration	120	-	4,347	4,467
Agriculture	425	-	-	425
Business and industry	11,996	-	16,737	28,733
Capital projects	-	-	71,031	71,031
Conservation and natural resources	32,864	-	8,894	41,758
Corrections	13	-	22,305	22,318
Debt service	-	-	27,655	27,655
Economic development	3,324	-	-	3,324
Education K-12	94	-	337	431
Elected officials	14,732	-	-	14,732
Gaming control	8,053	-	-	8,053
Health and human services	4,747	-	17,085	21,832
Motor vehicles	-	41,589	-	41,589
Other purposes	-	-	10,344	10,344
Public safety	10,191	11,513	-	21,704
Transportation	-	391,309	-	391,309
Veteran's services	1,167	-	-	1,167
Wildlife	14,619	-	-	14,619
<b>Committed to:</b>				
Administration	10,352	-	-	10,352
Agriculture	7,678	-	728	8,406
Business and industry	44,941	-	5,642	50,583
Capital projects	-	-	48,474	48,474
Conservation and natural resources	107,185	-	10,237	117,422
Corrections	4,259	-	-	4,259
Debt service	-	-	248,254	248,254
Economic development	12,687	-	4,863	17,550
Education K-12	50,210	-	-	50,210
Elected Officials	72,640	-	1,930	74,570
Employment and training	3,201	-	-	3,201
Fiscal emergency	97,545	-	-	97,545
Gaming control	5,117	-	-	5,117
Health and human services	43,218	-	1,674	44,892
Judicial	8,886	-	-	8,886
Legislative	87,565	-	-	87,565
Military	420	-	-	420
Motor vehicles	1,425	-	-	1,425
Other purposes	7,367	-	-	7,367
Public safety	24,306	2,268	-	26,574
Silver state health insurance	5,578	-	-	5,578
Social services	-	-	40,034	40,034
Tobacco settlement program	-	-	63,719	63,719
Taxation	3,578	-	-	3,578
Transportation	-	53,459	-	53,459
Veteran's services	7,987	-	-	7,987
Wildlife	19,921	-	-	19,921
<b>Assigned to:</b>				
Administration	198	-	-	198
Business and industry	68	-	-	68
Conservation and natural resources	8,354	-	-	8,354
Corrections	813	-	-	813
Education K-12	483	-	-	483
Elected officials	95	-	-	95
Employment and training	2,359	-	-	2,359
Health and human services	151	-	-	151
Judicial	278	-	-	278
Military	1,072	-	-	1,072
Other purposes	30	-	-	30
<b>Unassigned:</b>	33,005	-	-	33,005
<b>Total fund balances</b>	<b>\$ 804,793</b>	<b>\$ 523,035</b>	<b>\$ 988,527</b>	<b>\$ 2,316,355</b>

## Notes to the Financial Statements

For the Year Ended June 30, 2020

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### C. Individual Fund Deficit

#### Nonmajor Enterprise Funds:

*Insurance Administration and Enforcement* - The Insurance Administration and Enforcement Fund accounts for activities related to the administration and enforcement of the Nevada Insurance Code and other laws and regulations enforced by the Department of Business and Industry Division of Insurance. The fund recorded an increase in net position of \$1,293,573 for the year ended June 30, 2020, resulting in a negative net position of \$6,553,591 at June 30, 2020.

*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 \$27,443 for the year ended June 30, 2020, resulting in a negative net position of \$1,172,705 at June 30, 2020.

#### Internal Service Funds:

*Buildings and Grounds* – The Buildings and Grounds Fund accounts for the maintenance, housekeeping and security of most State buildings. The fund recorded an increase in net position of \$1,461,863 for the year ended June 30, 2020, resulting in a negative net position of \$4,314,086 at June 30, 2020.

*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 \$186,169 for the year ended June 30, 2020, resulting in a negative net position of \$1,244,081 at June 30, 2020.

*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 \$105,198 for the year ended June 30, 2020, resulting in a negative net position of \$42,893,926 at June 30, 2020.

*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 \$41,989 for the year ended June 30, 2020, resulting in a negative net position of \$3,780,923 at June 30, 2020.

*Personnel* – The Personnel Fund accounts for the costs of administering the State personnel system. The fund recorded an increase in net position of \$649,915 for the year ended June 30, 2020, resulting in a negative net position of \$6,742,264 at June 30, 2020.

*Purchasing* – The Purchasing Fund provides purchasing services to State agencies and other governmental units. The fund recorded a decrease in net position of \$682,421 for the year ended June 30, 2020, resulting in a negative net position of \$3,081,772 at June 30, 2020.

*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 \$3,829,461 for the year ended June 30, 2020, resulting in a negative net position of \$16,647,322 at June 30, 2020.

## Notes to the Financial Statements

For the Year Ended June 30, 2020

### 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 1.525%, on all taxable sales and taxable items of use. The State receives tax revenue of 2% of total sales with the balance distributed to local governmental entities and school districts.

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

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

*Motor Vehicle Fuel Tax* is levied at 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.

## Notes to the Financial Statements

For the Year Ended June 30, 2020

### 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.

## Notes to the Financial Statements

For the Year Ended June 30, 2020

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. This is effective through June 30, 2032.

*Modified Business Tax Abatement (NRS 363B.120)* – The current excise tax imposed on each employer is at the rate of 1.475% 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. This is effective through June 30, 2032.

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

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

## Notes to the Financial Statements

For the Year Ended June 30, 2020

*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 28<sup>th</sup> Special Session of the State Legislature in 2014, and is effective through June 30, 2036.

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

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

*Economic Development with Capital Investment of at least \$3.5 Billion (NRS 360.945 through 360.980)* – The 2014 28<sup>th</sup> Special Session of the State Legislature required the Governor's Office of Economic Development (GOED) to issue transferable tax credits for certain qualifying projects that may be used against the modified business, insurance premium and/or the gaming percentage fee taxes. A qualifying project is required to be located within the geographical borders of the State of Nevada, make a new capital investment in the State of at least \$3.5 billion during the 10-year period immediately following approval of the application, employ Nevada residents in at least half of the project's construction jobs and operational jobs, and provides health insurance to all employees. The amount of transferable tax credits is equal to \$12,500 for each qualified employee employed by the participants in the project (to a maximum of 6,000 employees), plus 5% of the first



## Notes to the Financial Statements

For the Year Ended June 30, 2020

\$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, 2020, on an accrual basis, are summarized in the following table (expressed in thousands):

Abatement Program	Taxes Abated			
	Modified Business Tax	Property Tax	Gaming Tax	Total
Businesses	\$ 1,441	\$ 1,632	\$ -	\$ 3,073
Capital Investment \$3.5B	1,341	-	-	1,341
Renewable Energy	-	1,007	-	1,007
Green Building	-	5,094	-	5,094
Transferable Tax Credits	-	-	22,250	22,250
<b>Total</b>	<b>\$ 2,782</b>	<b>\$ 7,733</b>	<b>\$ 22,250</b>	<b>\$ 32,765</b>

## Notes to the Financial Statements

For the Year Ended June 30, 2020

### Note 17. Commitments and Contingencies

#### A. Primary Government

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

Several of the actions pending against the State are based upon the State's (or its agents') alleged negligence in which the State must be named as a party defendant. However, there is a statutory limit to the State's liability of \$50,000 per cause of action through October 1, 2007, and \$75,000 per cause of action through October 1, 2011, \$100,000 through June 30, 2020, \$150,000 through June 30, 2022, and \$200,000 per cause of action thereafter. Such limitation does not apply to federal actions such as civil rights actions under 42 U.S.C. Section 1983 brought under federal law or to actions in other states. Building and contents are insured on a blanket replacement cost basis for all risk except certain specified exclusions.

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

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

The State is a defendant on a lawsuit associated with an alleged taking of property rights. The State has filed a Motion to Dismiss, which remains to be decided. Although there is a reasonable possibility of an unfavorable outcome for the State, the amount of potential loss is not capable of reasonable estimation at this time. Therefore, the accompanying financial statements do not include a liability for any potential loss.

The State of Nevada Unemployment Compensation Enterprise Fund is currently involved in a lawsuit where a contingent liability is reasonably possible, but the loss cannot be estimated at this time. Although it is not possible to predict the outcome of these proceedings, they could, if unfavorably resolved from the point of view of Fund management, have a material effect on the financial position of the Fund.

Due to staffing restrictions and the high volume of claims related to the COVID-19 pandemic, as well as the implementation of additional funding programs available to claimants as a result of the passage of the CARES Act, an unusually high number of claims were not processed timely during the last quarter of the fiscal year. This resulted in a larger than normal amount of benefits payable as of June 30.

Subsequent to June 30, Fund management identified a significant number of claims filed for which the identity of the claimant was questioned. Many of these claimants had access to their funds restricted, including the unloading of funds previously authorized and loaded to the claimant's unemployment compensation debit card. Claimants have a right to appeal to reinstate their benefits if their claim is denied or to have funds on their debit card released if they provide the additional documentation required. Management has currently identified over \$310.4 million in payments made where the identity of the claimant was questioned. Of this amount, over \$87.4 million had been unloaded from the claimants' debit cards and is held in the Bank of America checking account. Of the \$310.4 million, approximately \$172.3 million relates to supplemental federal funding received by the claimants through the CARES Act programs. This amount may be owed back to the federal government since the claimants may not have met the eligibility requirements of the program(s). Under normal circumstances, benefit claim overpayments due to the federal government are predicated on the recoupment of funds from the individual claimants.

## Notes to the Financial Statements

For the Year Ended June 30, 2020

However, the CARES Act is unclear as to whether normal rules will be applied to the supplemental funding programs provided under the Act. Fund management has not received any formal guidance from the U.S. Department of Labor regarding the potential recoupment of overpayments made from CARES Act programs. At this time, Fund management cannot determine the likelihood that overpayment amounts from the CARES Act programs will need to be repaid to the federal government. However, approximately \$48.3 million of the \$87.4 million from unloaded debit cards has been estimated to be associated with federal programs under the CARES Act. Since these monies can be recouped, the Fund has recognized a liability at June 30, 2020 as part of intergovernmental payables due back to the federal government.

Furthermore, claims are still being processed for benefits related to the year ended June 30, 2020. In addition to recognizing benefits payable for claims that have been processed, management has estimated an amount for claims related to benefit weeks in 2020 that have not yet been processed and accrued a liability of \$24.8 million for those estimated unprocessed claims along with an intergovernmental receivable of \$19.5 million for the amount of the unprocessed claims related to the various federal programs.

*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, 2020, amounted to approximately \$50.0 million. The following is the primary government's schedule of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2020, (expressed in thousands):

<u>For the Year</u> <u>Ending June 30</u>	<u>Amount</u>
2021	\$ 46,283
2022	42,411
2023	35,155
2024	28,283
2025	21,782
2026-2030	38,387
2031-2035	5,764
2036-2040	6,695
2041-2045	2,219
2046-2050	4
<b>Total</b>	<b>\$ 226,983</b>

*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, 2020, 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, 2020, were \$157.0 million which includes accrued interest of \$1.0 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, 2020, encumbered expenditures in governmental funds were as follows (expressed in thousands):

	<u>Amount</u>
General Fund	\$ 3,878
State Highway	4,741
Nonmajor governmental funds	118
<b>Total</b>	<b>\$ 8,737</b>

*Construction Commitments* - As of June 30, 2020, the Nevada Department of Transportation had total contractual commitments of approximately \$303.1 million for construction of various highway projects. Other major non-highway construction commitments for the primary government's budgeted capital projects funds total \$30.1 million.

## Notes to the Financial Statements

For the Year Ended June 30, 2020

### B. Discretely Presented Component Units

*Nevada System of Higher Education (NSHE)* – As of June 30, 2020, the NSHE is a defendant or co-defendant in legal actions. Based on present knowledge and advice of legal counsel, the NSHE management believes any ultimate liability in these matters, in excess of insurance coverage, will not materially adversely affect the net position, changes in net position or cash flows of the NSHE.

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

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

The NSHE is self-insured for its unemployment liability. The NSHE is billed by the State each quarter based on the actual unemployment benefits paid by the State. Each year the NSHE budgets resources to pay for the projected expenditures. The amount of future benefits payments to claimants and the resulting liability to the NSHE cannot be reasonably determined as of June 30, 2020.

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, 2020, is \$73.8 million. These costs will be financed by State appropriations, private donations, available resources, and/or long-term borrowings.

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

*Nevada Capital Investment Corporation (NCIC)* - The NCIC currently has commitments to the Silver State Opportunity Fund (SSOF) of \$50.0 million (the First Tranche) and to Accion 2017G, LLC, of \$1.0 million. As of June 30, 2020, the NCIC has fulfilled \$46.3 million of its total commitment to SSOF and \$1.0 million to Accion. The NCIC has the right, but not the obligation, to increase its capital commitment to SSOF by which would be effective after the end of the First Tranche (or such other date as the NCIC and Manager may agree). If the NCIC elects to make such an additional commitment, both the amount of the NCIC's additional commitment and an additional commitment from the Manager shall be established by agreement between the NCIC and the Manager (the Second Tranche).

## Note 18. Subsequent Events

### A. Primary Government

*Bonds* – On November 12, 2020, the State issued \$106,575,000 in General Obligation Bonds. The 2020A Bonds were issued to finance the 2019 various capital improvement project, the Historic Preservation Project and the Refunding Project. The 2020B Bonds were issued to finance the Water Grant Project and the Refunding Project.

*The Insurance Premium Trust Fund (IPTF)* – The IPTF reports that subsequent to year end in a special session of the Legislature, Assembly Bill, AB, 3 was passed which required certain transfers to the State General Fund. In December 2020 a transfer of \$960,000 was made pursuant to AB 3.

*Litigation Settlement* – On July 22, 2020, Nevada Attorney General Aaron D. Ford announced that Nevada and 46 other states, territories and the federal government were to settle allegations of fraud against Universal Health Services, Inc. (UHS). UHS is a for-profit holding company that directly or indirectly owns the assets or stock of inpatient and residential psychiatric and behavioral health facilities. The total value of the settlement is \$117,000,000. Of this amount, Nevada will receive \$442,331.

## Notes to the Financial Statements

For the Year Ended June 30, 2020

On August 25, 2020, more than \$85 million multistate settlement with American Honda Motor Co., Inc. and Honda of America Mfg., Inc. (collectively “Honda”), over allegations Honda concealed safety issues related to defects in the frontal airbag systems installed in certain Honda and Acura vehicles sold in the United States. Under the terms of the consent judgment, Honda has agreed to strong injunctive relief. Honda also agreed to pay the participating attorneys general a total of \$85,151,210, of which Nevada’s share is \$1,238,738.

On September 30, 2020, Nevada along with 42 other attorneys general reached a \$39.5 million settlement with Anthem stemming from their massive 2014 data breach that involved the personal information of 78.8 million Americans. Through the settlement, Anthem has reached a resolution with the coalition of attorneys general. In addition to the payment, Anthem has also agreed to a series of data security and good governance provisions designed to strengthen its practices going forward. Nevada’s share of the settlement is \$397,306.

On October 21, 2020 the Insurance Premium Trust Fund, IPTF, reached a settlement agreement and release in the Little Valley Fire with one of the remaining plaintiffs.

On November 18, 2020, Nevada Attorney General Aaron D. Ford and a coalition of over 30 attorneys general announced a \$113 million settlement with Apple, Inc. over Apple’s 2016 decision to throttle consumers’ iPhone speeds in order to address unexpected shutdowns in some iPhones. Under the terms of the settlement, Apple will pay \$1,577,469 to the State of Nevada.

On November 24, 2020, Nevada Attorney General Aaron D. Ford and 46 other attorneys general announced a \$17.5 million joint settlement with The Home Depot. The settlement resolves a multistate investigation into their 2014 data breach that exposed the payment card information of approximately 40 million Home Depot customers across the nation. Nevada will receive \$150,712 from the settlement.

On December 7, 2020, Attorney General Aaron D. Ford joined with 50 attorneys general and other federal and state agencies to reach an \$86.3 million settlement with Nationstar Mortgage. Nationstar is the country’s fourth-largest mortgage servicer. In Nevada, the settlement affects 941 loans for a total of \$1,233,963 in relief.

### **B. Discretely Presented Component Units**

*Nevada System of Higher Education* – The System evaluated subsequent events through November 23, 2020, the date of issuance, and has determined the following subsequent events to report.

Since March 17, 2020, the spread of COVID-19 has severely impacted our state economy and resulted in reductions in state appropriations and revenues generated from operations. Measures taken to contain the spread of the virus included placing capital projects on hold, furloughs, travel bans, quarantines, social distancing, and closures of non-essential services. The U.S. Government has responded with monetary and fiscal interventions to stabilize the economic conditions. In Fiscal 2020 the universities and colleges have received direct awards for Fiscal 2020 with student financial aid and essential services. Those funds are reported in the financial statements as of June 30, 2020. The U.S. Government also provided direct awards to the State of Nevada. The State requested all state agencies submit invoices that met the criteria for reimbursement established by the U.S. Government. The universities and colleges submitted \$11,100,000 in invoices. As of June 30, 2020, the date of these financial statements, the authority to receive that reimbursement had not been established by the State and is not included in these statements. The reimbursement was approved by the State in August of 2020 (Fiscal 2021) and will be included in next year financial statements. The System has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended June 30, 2020 have not been adjusted to reflect their impact.

### **C. New Accounting Pronouncements**

In June 2017, the GASB issued Statement No. 87, *Leases*. The primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement is effective for reporting periods beginning after June 15, 2021. The anticipated impact of this pronouncement 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 accounting for interest cost incurred before the end of a

## Notes to the Financial Statements

For the Year Ended June 30, 2020

construction period. The Statement is effective for reporting periods beginning after December 15, 2020. The anticipated impact of this pronouncement is uncertain at this time.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objective of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement is effective for reporting periods beginning after December 15, 2021. The anticipated impact of this pronouncement is uncertain at this time.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have identified during implementation and application of certain GASB Statements. This Statement extends the effective due dates of the following GASB Statements:

- The requirements related to intra-entity transfers of assets and those related to the applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, and Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, are effective for reporting periods beginning after June 15, 2021.
- Statement 84, *Fiduciary Activities*, effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition, effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The State has implemented Statement No. 84, *Fiduciary Activities*, in its FY 2020 financial statement. The anticipated impact of the other Statements mentioned in this pronouncement is uncertain at this time

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. As LIBOR is expected to cease to exist in its current form at the end of 2021, this Statement provides guidance to Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and Statement No. 87, *Leases*. This Statement is effective for reporting periods ending after December 31, 2021 for the removal of LIBOR and for reporting periods beginning after June 15, 2020 for all other requirements of this Statement. The anticipated impact of this pronouncement is uncertain at this time.

### D. COVID-19 and CARES Act

The COVID-19 pandemic is likely to impact the State's revenue for the future years. The CARES Act authorized \$842,741,212 for the State of Nevada to help cover necessary funding needs arising from COVID-19 pandemic. The State anticipates that the CARES Act funding, along with service reductions and certain budget cuts starting during 2020, will allow Nevada to evaluate long-term financial impacts and make necessary adjustments.

As a result of the COVID-19 pandemic, the Unemployment Compensation Enterprise Fund exhausted its available balance on December 14, 2020. The Department applied for and received approval of a Title XII advance under section 1201(a)(1) of the Social Security Act to continue paying unemployment compensation benefits. The U.S. Treasury approved Title XII advance amount of \$830.5 million for months from December 2020 through May 2021. The Fund started drawing on the Title XII advance on December 14, 2020. The Fund has borrowed \$332.4 million of its available line of credit and has an advance authorization of \$110.6 million available to be borrowed under Title XII for the month of May 2021.

## Notes to the Financial Statements

For the Year Ended June 30, 2020

### Note 19. Accounting Changes and Restatements

Beginning net position of governmental activities was restated for an increase of \$6.8 million, to record the other post-employment benefit plan deferred outflows of resources for an implicit subsidy not previously recorded.

Beginning net position of business-type activities was restated for a decrease of \$1.9 million, to record revised accounts payable and claims expense based on the change to methodology for calculating unemployment benefits that resulted in higher claims expense.

In addition, the State implemented GASB Statement No. 84, *Fiduciary Activities*, that enhances the consistency and comparability of fiduciary activity reporting by state and local governments. This change resulted in recording beginning net position of \$6.3 million for the custodial funds to recognize net additions from prior years.

The following table shows the changes to the beginning net position as of July 1, 2019, for the following funds (expressed in thousands):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net position at June 30, 2019, as previously reported	\$ 8,466,018	\$ 2,773,390
Unemployment benefits payable	-	(1,890)
Deferred outflows of resources adjustment for implicit subsidy	<u>6,797</u>	<u>-</u>
Net position at July 1, 2019, as restated	<u>\$ 8,472,815</u>	<u>2,771,500</u>

The following table shows the changes to the beginning net position as of July 1, 2019, for the following funds (expressed in thousands):

	<u>Major Enterprise Funds</u>	<u>Fiduciary Funds</u>
	<u>Unemployment Compensation</u>	<u>Custodial Funds</u>
Net position at June 30, 2019, as previously reported	\$ 1,933,966	\$ -
Unemployment benefits payable	(1,890)	-
GASB 84 implementation	<u>-</u>	<u>6,340</u>
Net position at July 1, 2019, as restated	<u>\$ 1,932,076</u>	<u>\$ 6,340</u>

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

For the Fiscal Year Ended June 30, 2020

	General Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
<b>Sources of Financial Resources</b>				
Fund balances, July 1	\$ 1,333,758,311	\$ 1,333,758,311	\$ 1,333,758,311	\$ -
<i>Revenues:</i>				
Sales taxes	1,364,231,000	1,364,231,000	1,263,939,456	(100,291,544)
Gaming taxes, fees, licenses	938,887,237	938,887,237	725,200,697	(213,686,540)
Intergovernmental	4,445,604,146	6,025,574,498	5,194,587,189	(830,987,309)
Other taxes	2,387,826,806	2,455,085,045	2,351,946,762	(103,138,283)
Sales, charges for services	292,943,017	310,633,628	276,069,623	(34,564,005)
Licenses, fees and permits	777,069,833	802,817,036	773,304,664	(29,512,372)
Interest	26,817,713	30,261,145	30,108,834	(152,311)
Other	364,886,255	422,509,235	343,687,600	(78,821,635)
<i>Other financing sources:</i>				
Proceeds from sale of bonds	-	-	-	-
Transfers	847,005,408	1,540,082,003	954,697,388	(585,384,615)
Reversions from other funds	-	-	731,631	731,631
<b>Total sources of financial resources</b>	<b>12,779,029,726</b>	<b>15,223,839,138</b>	<b>13,248,032,155</b>	<b>(1,975,806,983)</b>
<b>Uses of Financial Resources</b>				
<i>Expenditures and encumbrances:</i>				
Elected officials	248,217,002	1,140,763,887	282,064,789	858,699,098
Legislative and judicial	178,963,319	181,186,020	99,008,512	82,177,508
Finance and administration	164,677,659	167,638,153	128,508,010	39,130,143
Education - K to 12	2,718,799,484	2,992,634,676	2,615,347,169	377,287,507
Education - higher education	1,050,881,719	1,073,608,231	1,055,466,701	18,141,530
Human services	6,141,383,373	6,653,753,713	5,942,140,696	711,613,017
Commerce and industry	449,964,765	508,993,497	323,501,728	185,491,769
Public safety	514,557,778	616,807,234	513,393,867	103,413,367
Motor vehicles	-	-	-	-
Infrastructure	416,497,714	488,799,439	233,184,553	255,614,886
Special purpose agencies	94,505,702	113,419,076	84,351,255	29,067,821
<i>Other financing uses:</i>				
Transfers to other funds	39,119,993	39,256,993	39,256,993	-
Reversions to other funds	-	-	2,624,748	(2,624,748)
Projected reversions	(50,000,000)	(50,000,000)	-	(50,000,000)
<b>Total uses of financial resources</b>	<b>11,967,568,508</b>	<b>13,926,860,919</b>	<b>11,318,849,021</b>	<b>2,608,011,898</b>
<b>Fund balances, June 30</b>	<b>\$ 811,461,218</b>	<b>\$ 1,296,978,219</b>	<b>\$ 1,929,183,134</b>	<b>\$ 632,204,915</b>



(continued)

<b>State Highway</b>			
<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
\$ 432,363,510	\$ 432,363,510	\$ 432,363,510	\$ -
-	-	-	-
-	-	-	-
370,487,468	388,518,916	347,548,713	(40,970,203)
417,511,891	435,373,050	439,585,745	4,212,695
20,669,710	20,985,207	19,455,573	(1,529,634)
232,020,385	212,981,792	210,467,347	(2,514,445)
6,643,865	12,109,351	10,562,743	(1,546,608)
42,594,394	67,444,604	59,573,716	(7,870,888)
160,000,000	160,000,000	-	(160,000,000)
9,525,951	44,773,971	39,896,856	(4,877,115)
-	-	-	-
<u>1,691,817,174</u>	<u>1,774,550,401</u>	<u>1,559,454,203</u>	<u>(215,096,198)</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
107,352,794	108,786,252	92,836,898	15,949,354
147,437,308	169,199,926	129,563,274	39,636,652
1,087,804,003	1,183,174,723	773,516,117	409,658,606
-	-	-	-
85,614,548	85,614,548	85,614,548	-
-	-	19,402	(19,402)
<u>(69,341,356)</u>	<u>(150,341,356)</u>	-	<u>(150,341,356)</u>
<u>1,358,867,297</u>	<u>1,396,434,093</u>	<u>1,081,550,239</u>	<u>(314,883,854)</u>
<u>\$ 332,949,877</u>	<u>\$ 378,116,308</u>	<u>\$ 477,903,964</u>	<u>\$ 99,787,656</u>

## Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2020

### 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 20th are reported instead of the amounts disclosed in the original budget. The August 20, 2020 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, 2020 budget as permitted by NRS 353.220.

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

	<u>General Fund</u>	<u>State Highway</u>
<b>Fund balances (budgetary basis) June 30, 2020</b>	\$ 1,929,183	\$ 477,904
<b>Adjustments:</b>		
<i>Basis differences:</i>		
Petty cash or outside bank accounts	6,593	3,268
Accrual of certain other receivables	351,919	3,111
Inventory	7,244	22,898
Advances to other funds	4,868	3,577
Accrual of certain accounts payable and other liabilities	(493,496)	(2,888)
Unearned revenues	(772,076)	-
Deferred inflows - unavailable	(275,191)	-
Encumbrances	3,878	8,841
Other	25,516	6,324
<i>Perspective differences:</i>		
Special revenue fund reclassified to General Fund for GAAP purposes	16,355	-
<b>Fund balances (GAAP basis) June 30, 2020</b>	<u>\$ 804,793</u>	<u>\$ 523,035</u>

Total fund balance on the budgetary basis in the General Fund at June 30, 2020, 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)	\$ 1,929,183
Restricted funds	<u>(1,375,349)</u>
<b>Unrestricted fund balance (budgetary basis)</b>	<u>\$ 553,834</u>

## Required Supplementary Information

For the Fiscal Year Ended June 30, 2020

### Pension Plan Information

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

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

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

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

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily required contributions	\$ 176,300	\$ 161,627	\$ 153,762	\$ 151,492	\$ 190,528	\$ 176,579	\$ 174,712	\$ 162,484	\$ 163,219	\$ 160,959
Contributions in relation to the statutorily required contribution	\$ 176,300	\$ 161,627	\$ 153,762	\$ 151,492	\$ 190,528	\$ 176,579	\$ 174,712	\$ 162,484	\$ 163,219	\$ 160,959
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,092,368	\$ 1,049,306	\$ 997,840	\$ 984,131	\$ 906,687	\$ 874,098	\$ 872,316	\$ 855,179	\$ 859,047	\$ 946,818
Contributions as a percentage of covered payroll	16 %	15 %	15 %	15 %	21 %	20 %	20 %	19 %	19 %	17 %

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

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

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

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

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

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

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

## Required Supplementary Information

For the Fiscal Year Ended June 30, 2020

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

	2019	2018	2017	2016	2015	2014
CRC's proportion of the net pension liability	0.04 %	0.04 %	0.04 %	0.05 %	0.05 %	0.1 %
CRC's proportionate share of the net pension liability	\$ 5,986	\$ 5,994	\$ 5,867	\$ 6,596	\$ 4,997	\$ 6,305
CRC's covered payroll	\$ 2,970	\$ 2,856	\$ 2,702	\$ 2,575	\$ 2,531	\$ 2,348
CRC's proportionate share of the net pension liability as a percentage of its covered payroll	202 %	210 %	217 %	256 %	197 %	269 %
Plan fiduciary net position as a percentage of the total pension liability	76 %	75 %	74 %	72 %	75 %	76 %

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

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

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

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

### B. Single-employer Plan

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

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

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

## Required Supplementary Information

For the Fiscal Year Ended June 30, 2020

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

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

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

### C. Agent Multiple-employer Plan

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

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

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

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

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

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

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

## Required Supplementary Information

For the Fiscal Year Ended June 30, 2020

### Postemployment Benefits Other Than Pensions (OPEB)

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
State's proportion of the collective net OPEB liability	58.14 %	59.88 %	61.43 %
State's proportionate share of the collective net OPEB liability	\$ 810,288	\$ 793,089	\$ 799,477
State's covered payroll *	\$ 1,058,033	\$ 1,010,679	\$ 964,668
State's proportionate share of the collective net OPEB liability as a percentage of its covered payroll *	76.58 %	78.47 %	82.88 %
Plan fiduciary net position as a percentage of the total OPEB liability	0.02 %	0.12 %	0.11 %

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

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution *	\$ 25,957	\$ 24,758	\$ 23,751
Contributions in relation to the contractually required contribution	\$ 25,957	\$ 24,758	\$ 23,751
Contribution (deficiency) excess *	\$ -	\$ -	\$ -
State's covered payroll *	\$ 1,055,028	\$ 1,058,033	\$ 1,010,679
Contributions as a percentage of covered payroll	2.46 %	2.34 %	2.35 %

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

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
NSHE's proportion of the collective net OPEB liability	40.85 %	39.13 %	37.59 %
NSHE's proportionate share of the collective net OPEB liability	\$ 569,268	\$ 518,254	\$ 489,754
NSHE's covered payroll	\$ 757,182	\$ 711,803	\$ 625,454
NSHE's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	75.18 %	72.81 %	78.30 %
Plan fiduciary net position as a percentage of the total OPEB liability	0.02 %	0.12 %	0.11 %

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 17,794	\$ 16,727	\$ 15,689
Contributions in relation to the contractually required contribution	\$ 17,716	\$ 16,656	\$ 15,702
Contribution (deficiency) excess	\$ (78)	\$ (71)	\$ 13
NSHE's covered payroll	\$ 757,182	\$ 711,803	\$ 667,622
Contributions as a percentage of covered payroll	2.35 %	2.35 %	2.35 %

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

## Required Supplementary Information

For the Fiscal Year Ended June 30, 2020

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
CRC's proportion of the collective net OPEB liability	0.16 %	0.17 %	0.17 %
CRC's proportionate share of the collective net OPEB liability	\$ 2,267	\$ 2,218	\$ 2,261
CRC's covered payroll	\$ 3,105	\$ 3,167	\$ 2,891
CRC's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	73.01 %	70.04 %	78.22 %
Plan fiduciary net position as a percentage of the total OPEB liability	0.02 %	0.12 %	0.11 %

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 73	\$ 52	\$ 68
Contributions in relation to the contractually required contribution	\$ 73	\$ 69	\$ 66
Contribution (deficiency) excess	\$ -	\$ 17	\$ (2)
CRC's covered payroll	\$ 3,105	\$ 3,167	\$ 2,750
Contributions as a percentage of covered payroll	2.34 %	1.65 %	2.48 %

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

Notes to Required Supplementary Information - In fiscal year 2019, the discount rate used to measure the total OPEB liability remained the same at 3.87%.

## Required Supplementary Information

For the Fiscal Year Ended June 30, 2020

### 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 2019 condition assessment	91%	86%	88%	57%	28%
Actual results of 2018 condition assessment	90%	88%	91%	58%	25%
Actual results of 2017 condition assessment	90%	85%	90%	61%	25%

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

**Condition Level of the Bridges**  
Percentage of substandard bridges

	2020	2018	2016
	State Policy-maximum percentage	7%	10%
Actual results condition assessment	1%	1%	2%

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)

	2020	2019	2018	2017	2016
	Estimated	\$ 178,393	\$ 134,713	\$ 286,153	\$ 171,755
Actual	152,595	130,158	252,859	157,670	295,244

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.





**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 Catherine Byrne, CPA  
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, 2020, 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 May 21, 2021. 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 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, and the Retirement Benefits Investment Fund – Investment Trust Fund, as described in our report on the State of Nevada’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by some of those auditors. The financial statements of the Pension Trust Funds, the Insurance Premiums Internal Service Fund and the Retirement Benefits Investment Fund were not audited in accordance with *Government Auditing Standards*.

Our report qualifies the opinion on the government-wide governmental activities and general fund because the State was unable to determine an amount that should have been recorded for donated personal protective equipment inventory. In addition, our report qualifies the opinion on the highway fund because the State was unable to determine an amount that should have been recorded for stockpile inventory.

**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) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial



statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Nevada's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Nevada's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs to findings 2020-001, 2020-002, 2020-003, 2020-004, 2020-005, 2020-006, 2020-007, 2020-008, and 2020-009 that we consider to be material weaknesses.

#### **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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **The State 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 them.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Nevada's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Nevada's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Reno, Nevada  
May 21, 2021





**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, 2020. 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 expended \$599,581,674 in federal awards which is not included in the State’s schedule of expenditures of federal awards for the year ended June 30, 2020. Our audit, 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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 qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the State’s compliance.

**Basis for Qualified Opinion on Special Supplemental Nutrition Program for Women, Infants and Children (WIC), Unemployment Insurance, Title I Grants to Local Educational Agencies, Special Education Cluster, Foster Care – Title IV-E, and Medicaid Cluster**

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

<b>Finding #</b>	<b>CFDA #</b>	<b>Program (or Cluster) Name</b>	<b>Compliance Requirement</b>
2020-012	10.557	Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	Procurement, Suspension and Debarment
2020-014	17.225	Unemployment Insurance	Eligibility
2020-016	17.225	Unemployment Insurance	Special Tests and Provisions
2020-020	84.010	Title I Grants to Local Educational Agencies	Subrecipient Monitoring
2020-021	84.010	Title I Grants to Local Educational Agencies	Special Tests and Provisions
2020-022	84.027/84.173	Special Education Cluster	Subrecipient Monitoring
2020-029	93.658	Foster Care – Title IV-E	Subrecipient Monitoring
2020-034	93.775/93.777/ 93.778	Medicaid Cluster	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.





**Qualified Opinion on Special Supplemental Nutrition Program for Women, Infants and Children (WIC), Unemployment Insurance, Title I Grants to Local Educational Agencies, Special Education Cluster, Foster Care – Title IV-E, and Medicaid Cluster**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Special Supplemental Nutrition Program for Women, Infants and Children (WIC), Unemployment Insurance, Title I Grants to Local Educational Agencies, Special Education Cluster, Foster Care, and Medicaid Cluster for the year ended June 30, 2020.

**Unmodified 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, 2020.

**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 2020-023 and 2020-032. 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as 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 2020-011 through 2020-016, 2020-018, 2020-020 through 2020-022, 2020-024, 2020-026, and 2020-029 through 2020-034 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 2020-010, 2020-017, 2020-019, 2020-023, 2020-025, 2020-027, and 2020-028 to be significant deficiencies.

The State's response to the internal control over compliance 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.

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, 2020, and have issued our report thereon dated May 21, 2021, which contained qualified and unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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.



Reno, Nevada  
May 21, 2021



**STATE OF NEVADA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
<b>Department of the Interior</b>				
<b>Research and Development CLUSTER</b>				
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2013	\$ 33,191	\$ -
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2015	16,076	-
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2016 LWCF	408,688	408,688
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2017 LWCF	31,435	31,435
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2018 LWCF	638,793	319,820
			<b>1,128,183</b>	<b>759,943</b>
<b>Total Research and Development CLUSTER</b>			<b>1,128,183</b>	<b>759,943</b>
<b>Total Department of the Interior</b>			<b>1,128,183</b>	<b>759,943</b>
<b>Department of Justice</b>				
<b>Research and Development CLUSTER</b>				
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2016-CK-BX-0007	331,064	14,479
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2016-CK-BX-0007-0875-DOE	15,805	15,805
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2016-CK-BX-0007-0875-DPS	186,718	-
			<b>533,587</b>	<b>30,284</b>
<b>Total Research and Development CLUSTER</b>			<b>533,587</b>	<b>30,284</b>
<b>Total Department of Justice</b>			<b>533,587</b>	<b>30,284</b>
<b>Environmental Protection Agency</b>				
<b>Research and Development CLUSTER</b>				
Surveys, Studies, Research, Investigations Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034	99T08101	83,266	-
Surveys, Studies, Research, Investigations Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034	PM 98T04301	1,925	-
			<b>85,191</b>	<b>-</b>
Regional Wetland Program Development Grants	66.461	99T65201	176,741	176,741
Regional Wetland Program Development Grants	66.461	99T93201	48,004	45,598
			<b>224,745</b>	<b>222,339</b>
<b>Total Research and Development CLUSTER</b>			<b>309,936</b>	<b>222,339</b>
<b>Total Environmental Protection Agency</b>			<b>309,936</b>	<b>222,339</b>

**STATE OF NEVADA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
<b>Department of Health and Human Services</b>				
<b>Research and Development CLUSTER</b>				
Food and Drug Administration_Research	93.103	5U18FD005892-04	189,738	110,955
Food and Drug Administration_Research	93.103	G-1910-02044	2,255	-
Food and Drug Administration_Research	93.103	G-T-1810-06548	2,216	-
Food and Drug Administration_Research	93.103	G-TPA-1912-01124	2,898	-
			<b>197,107</b>	<b>110,955</b>
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130	2 U68HP11441-11-00	130,985	-
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130	5 U68HP11441-12-00	29,995	-
			<b>160,980</b>	<b>-</b>
Injury Prevention and Control Research and State and Community Based Programs	93.136	1 NU17CE925001-01-00	2,448,084	1,221,172
Injury Prevention and Control Research and State and Community Based Programs	93.136	1 NUF2CE002475-01-00	286,458	196,818
Injury Prevention and Control Research and State and Community Based Programs	93.136	5 NU17CE002737-03-00	198,047	28,305
Injury Prevention and Control Research and State and Community Based Programs	93.136	5 NU17CE924856-03	84,432	67,125
Injury Prevention and Control Research and State and Community Based Programs	93.136	5 NU17CE924856-04	130,039	99,623
Injury Prevention and Control Research and State and Community Based Programs	93.136	5 NU17CE924901-02-00	105,298	97,466
Injury Prevention and Control Research and State and Community Based Programs	93.136	6 NUF2CE002475-02-01	82,729	50,368
			<b>3,335,087</b>	<b>1,760,877</b>
<b>Total Research and Development CLUSTER</b>			<b>3,693,174</b>	<b>1,871,832</b>
<b>Total Department of Health and Human Services</b>			<b>3,693,174</b>	<b>1,871,832</b>
<b>Grand Total Research and Development CLUSTER</b>			<b>5,664,880</b>	<b>2,884,398</b>
<b>Department of Agriculture</b>				
<b>Child Nutrition CLUSTER</b>				
School Breakfast Program	10.553	7NV300AG3/201919N109947	12,740,938	12,703,951
School Breakfast Program	10.553	7NV300AG3/202020N109947	22,555,776	22,493,749
COVID-19 School Breakfast Program	10.553	7NV300AG9/202020N850347	5,213,930	5,164,615
			<b>40,510,644</b>	<b>40,362,315</b>
National School Lunch Program	10.555	7NV300AG3/201919N109947	32,570,181	32,508,037
National School Lunch Program	10.555	7NV300AG3/202020N109947	58,897,007	58,792,173

**STATE OF NEVADA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
COVID-19 National School Lunch Program	10.555	7NV300AG9/202020N850347	10,593,697	10,507,404
			<b>102,060,885</b>	<b>101,807,614</b>
Special Milk Program for Children	10.556	7NV300AG3/201919N109947	10,730	10,730
Special Milk Program for Children	10.556	7NV300AG3/202020N109947	22,326	22,326
			<b>33,056</b>	<b>33,056</b>
Summer Food Service Program for Children	10.559	7NV300AG3/201919N109947	1,973,519	1,931,275
Summer Food Service Program for Children	10.559	7NV300AG3/202020N109947	54,164	13,000
COVID-19 Summer Food Service Program for Children	10.559	7NV300AG9/202020N850347	5,692,419	5,692,419
			<b>7,720,102</b>	<b>7,636,694</b>
<b>Total Child Nutrition CLUSTER</b>			<b>150,324,687</b>	<b>149,839,679</b>
<b>Food Distribution CLUSTER</b>				
Commodity Supplemental Food Program	10.565	7NV810AG1/201919Y800547	191,429	170,460
Commodity Supplemental Food Program	10.565	7NV810AG1/202020Y800547	429,676	354,452
			<b>621,105</b>	<b>524,912</b>
Emergency Food Assistance Program (Administrative Costs)	10.568	201919Q220447	214,007	214,007
Emergency Food Assistance Program (Administrative Costs)	10.568	7NV810AG8/201919Y810547	640,893	633,353
Emergency Food Assistance Program (Administrative Costs)	10.568	7NV810AG8/202020Y810547	614,487	613,172
COVID-19 Emergency Food Assistance Program (Administrative Costs)	10.568	7NV810NV4/202020Y870347	143,539	143,539
			<b>1,612,926</b>	<b>1,604,071</b>
<b>Total Food Distribution CLUSTER</b>			<b>2,234,031</b>	<b>2,128,983</b>
<b>Forest Service Schools and Roads CLUSTER</b>				
Schools and Roads_Grants to States	10.665	Schools and Roads Grants to States	3,193,061	3,193,061
<b>Total Forest Service Schools and Roads CLUSTER</b>			<b>3,193,061</b>	<b>3,193,061</b>
<b>SNAP CLUSTER</b>				
Supplemental Nutrition Assistance Program (SNAP)	10.551	SNAP	735,538,702	-
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	202020Q390347	63,016	10,162
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	202020Q750347	686,680	-
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	207NVNV4S2514 202020S251447	17,260,838	572,923
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	207NVNV4S2519 202020S251947	4,890	4,890
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	207NVNV4S2520 202020S252047	1,624	-

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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	56,941	56,941
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV4004NV 201918S803647	6,266	-
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV4004NV 202018S803647	2,341	-
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV400NV4 201919S251447	4,304,931	379,571
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV400NV4 201919S251947	27,060	27,060
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV400NV4 201919S252047	4,776	-
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV430NV4 201919Q750347	213,630	-
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV430NV5 201919Q390347	2,995,490	2,697,115
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	FOODNUTRITION SNAP BONUS	1,350,518	-
			<b>26,979,001</b>	<b>3,748,662</b>
<b>Total SNAP CLUSTER</b>			<b>762,517,703</b>	<b>3,748,662</b>
Plant and Animal Disease, Pest Control, and Animal Care	10.025	04-8576-0836-CA	67,931	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000240	14,099	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C198	12,627	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C199	15,765	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C200	9,879	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C201	20,880	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C202	5,015	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C206	7,902	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C207	16,480	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C208	5,500	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C239	3,064	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C322	12,518	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C323	2,817	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C324	12,898	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C325	4,944	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C369	3,095	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C146	33,737	-



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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C342	18,521	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C345	4,046	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C347	5,472	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C348	14,112	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C349	58,959	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C351	8	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C372	1,528	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C377	24,467	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C379	12,608	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C381	17,931	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C409	4,844	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C413	199	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C414	2,037	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19VSSPRS00C109	34,912	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19VSSPRS00C114	21,469	-
			<b>470,264</b>	<b>-</b>
Market Protection and Promotion	10.163	12-25-A-5433	3,666	-
Specialty Crop Block Grant Program - Farm Bill	10.170	16SCBGNV0019	79,466	72,091
Specialty Crop Block Grant Program - Farm Bill	10.170	AM170100XXXG038	84,680	63,929
Specialty Crop Block Grant Program - Farm Bill	10.170	AM180100XXXG027	70,048	61,964
			<b>234,194</b>	<b>197,984</b>
Trade Mitigation Program Eligible Recipient Agency Operational Funds	10.178	CFDA 10.178 DIRECT COST PROCESSING	111,765	111,765
Homeland Security_Agricultural	10.304	2016-37620-25851	12,225	-
CACFP Training Grants	10.536	CN-CACFP-TRN-18-NV-1	3,955	-
Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants	10.537	8NV400001 201717S807321	123,086	-
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	201919W100347	6,065,942	5,286,183
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	201919W100647	6,219,238	-
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	202020W100347	9,190,680	6,945,810
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	202020W100647	17,222,013	-
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	7NV700NV1-20165347	8,647	8,647

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	7NV700NV1-20175347	24,138	24,138
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	7NV700NV1-20185347	240,149	240,149
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	7NV700NV1-20195347	288,814	288,665
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	WIC NON-FED PROGRAM INCOME	8,296	8,296
			<b>39,267,917</b>	<b>12,801,888</b>
Child and Adult Care Food Program	10.558	7NV300AG3/201919N109947	3,910,451	3,839,915
Child and Adult Care Food Program	10.558	7NV300AG3/201919N202047	164,143	164,143
Child and Adult Care Food Program	10.558	7NV300AG3/202020N109947	6,943,385	6,850,747
Child and Adult Care Food Program	10.558	7NV300AG3/202020N202047	302,374	302,374
Child and Adult Care Food Program	10.558	7NV300AG4/201919N105047	39,512	39,512
Child and Adult Care Food Program	10.558	7NV300AG4/202020N105047	78,030	78,030
COVID-19 Child and Adult Care Food Program	10.558	7NV300AG9/202020N850347	991,250	991,250
			<b>12,429,145</b>	<b>12,265,971</b>
State Administrative Expenses for Child Nutrition	10.560	7NV300AG2/201818N253347	123,911	-
State Administrative Expenses for Child Nutrition	10.560	7NV300AG2/201919N253347	531,064	-
State Administrative Expenses for Child Nutrition	10.560	7NV300AG2/202020N253347	1,212,245	-
			<b>1,867,220</b>	<b>-</b>
Food Distribution Program on Indian Reservations	10.567	7NV430AG4/201919Q520647	91,131	-
Food Distribution Program on Indian Reservations	10.567	7NV430AG4/201919Q520847	10,060	-
Food Distribution Program on Indian Reservations	10.567	7NV430AG4/202020Q520647	157,751	-
Food Distribution Program on Indian Reservations	10.567	7NV430AG4/202020Q520847	127	-
			<b>259,069</b>	<b>-</b>
WIC Farmers' Market Nutrition Program (FMNP)	10.572	7NV810NV7-201919Y860447	22,779	6,185
WIC Farmers' Market Nutrition Program (FMNP)	10.572	7NV810NV7-201919Y860747	66,720	66,720
WIC Farmers' Market Nutrition Program (FMNP)	10.572	7NV810NV7-202020Y860447	9,564	-
			<b>99,063</b>	<b>72,905</b>
Team Nutrition Grants	10.574	8NV300014/201616N350330	128,932	92,564
Senior Farmers Market Nutrition Program	10.576	7NV810AG2/201919Y831347	95,678	96,620
Senior Farmers Market Nutrition Program	10.576	7NV810AG2/201919Y831447	6,659	-
Senior Farmers Market Nutrition Program	10.576	7NV810AG2/202020Y831347	50,000	50,000
Senior Farmers Market Nutrition Program	10.576	7NV810AG2/202020Y831447	7,738	-
			<b>160,075</b>	<b>146,620</b>

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
WIC Grants to States (WGS)	10.578	2020207950447	50,833	-
Child Nutrition Discretionary Grants Limited Availability	10.579	177NVAG7N8103	78,314	75,576
Child Nutrition Discretionary Grants Limited Availability	10.579	7NV300AG7/177NVAG7N8103	19,713	19,713
Child Nutrition Discretionary Grants Limited Availability	10.579	7NV300AG7-201919N810347	2,225	-
Child Nutrition Discretionary Grants Limited Availability	10.579	8NV310154/201611L180330	239,890	-
Child Nutrition Discretionary Grants Limited Availability	10.579	8NV310159/201918L180330	35,138	-
			<b>375,280</b>	<b>95,289</b>
Fresh Fruit and Vegetable Program	10.582	7NV310AG1/201918L160347	273,434	265,762
Fresh Fruit and Vegetable Program	10.582	7NV310AG1/202019L160347	1,441,177	1,372,187
			<b>1,714,611</b>	<b>1,637,949</b>
Cooperative Forestry Assistance	10.664	14-DG-11046000-611	33,492	33,492
Cooperative Forestry Assistance	10.664	15-DG-11046000-611	107,686	40,214
Cooperative Forestry Assistance	10.664	15-DG-11046000-612	29,300	-
Cooperative Forestry Assistance	10.664	16-DG-11046000-606	135,839	33,767
Cooperative Forestry Assistance	10.664	16-DG-11046000-609	101,693	56,087
Cooperative Forestry Assistance	10.664	16-DG-11046000-613	10,307	-
Cooperative Forestry Assistance	10.664	16-DG-11046000-617	54,192	-
Cooperative Forestry Assistance	10.664	17-DG-11046000-608	244,551	210,534
Cooperative Forestry Assistance	10.664	17-DG-11046000-611	148,337	28,853
Cooperative Forestry Assistance	10.664	17-DG-11046000-618	33,678	33,071
Cooperative Forestry Assistance	10.664	18-DG-11046000-614	193,262	7,131
Cooperative Forestry Assistance	10.664	19-DG-11046000-612	82,477	-
Cooperative Forestry Assistance	10.664	20-DG-11046000-620	28,737	-
			<b>1,203,551</b>	<b>443,149</b>
Forest Legacy Program	10.676	16-DG-11046000-601	10,545	-
Forest Legacy Program	10.676	17-DG-11046000-600	23,630	-
			<b>34,175</b>	<b>-</b>
Forest Health Protection	10.680	17-DG-11046000-601	56,603	43,799
Forest Health Protection	10.680	17-DG-11046000-614	27,923	27,198
Forest Health Protection	10.680	17-DG-11046000-616	4,069	-
Forest Health Protection	10.680	18-DG-11046000-611	56,052	13,125
Forest Health Protection	10.680	19-DG-11046000-603	18,217	-
Forest Health Protection	10.680	19-DG-11046000-614	8,281	-
			<b>171,145</b>	<b>84,122</b>

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Good Neighbor Authority	10.691	17-GN-11041730-025	92,840	92,840
Good Neighbor Authority	10.691	17-GN-11041730-043	11,865	-
			<b>104,705</b>	<b>92,840</b>
State & Private Forestry Hazardous Fuel Reduction Program	10.697	18-DG-11046000-606	36,836	-
Technical Assistance and Training Grants	10.761	000C2510G164024	20,753	-
Soil and Water Conservation	10.902	NR189327XXXXC001	7,840	-
Soil and Water Conservation	10.902	NR189327XXXXG001	5,000	-
Soil and Water Conservation	10.902	NR199327XXXXC002	28,154	-
			<b>40,994</b>	<b>-</b>
<b>Total Department of Agriculture</b>			<b>977,192,941</b>	<b>186,953,431</b>
<b>Department of Commerce</b>				
State and Local Implementation Grant Program	11.549	32-10-S18032	95,056	-
<b>Total Department of Commerce</b>			<b>95,056</b>	<b>-</b>
<b>Department of Defense</b>				
Procurement Technical Assistance for Business Firms	12.002	SP4800-18-2-1824	40,407	-
Procurement Technical Assistance for Business Firms	12.002	SP4800-19-2-1924	472,605	-
			<b>513,012</b>	<b>-</b>
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113	W912DY-18-2-0230	365,133	-
Military Construction, National Guard	12.400	W9124X-16-2-2001	21,081,768	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-10-2-1001	267,317	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-15-2-1001	27,871	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1001	5,169,220	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1002	175,245	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1003	628,288	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1004	97,371	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1005	115,675	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1010	28,374	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1011	27,434	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1014	39,063	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1021	340,080	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1023	186,033	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1024	452,720	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1040	113,420	-

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1001	4,387,292	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1002	243,406	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1003	1,083,688	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1004	128,894	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1005	431,367	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1010	86,547	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1011	75,044	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1014	50,748	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1021	792,146	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1023	491,803	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1024	1,251,489	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1040	160,661	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1041	67,894	-
			<b>16,919,090</b>	<b>-</b>
National Guard Challenge Program	12.404	W9124X-19-2-4001	108,489	-
<b>Total Department of Defense</b>			<b>38,987,492</b>	<b>-</b>
<b>Department of Housing and Urban Development</b>				
Community Development Block Grants/State's Program	14.228	B-08-MN-32-0001	936	-
Community Development Block Grants/State's Program	14.228	B-15-DC-32-0001	166,532	166,532
Community Development Block Grants/State's Program	14.228	B-16-DC-32-0001	178,167	178,167
Community Development Block Grants/State's Program	14.228	B-17-DC-32-0001	1,069,225	1,054,545
Community Development Block Grants/State's Program	14.228	B-18-DC-32-0001	992,654	992,654
Community Development Block Grants/State's Program	14.228	B-19-DC-32-0001	209,069	42,329
			<b>2,616,583</b>	<b>2,434,227</b>
Emergency Solutions Grants Program	14.231	E-17-DC-32-0001	31,302	31,302
Emergency Solutions Grants Program	14.231	E-18-DC-32-0001	147,117	147,117
Emergency Solutions Grants Program	14.231	E-19-DC-32-0001	326,572	307,237
			<b>504,991</b>	<b>485,656</b>
Home Investment Partnerships Program	14.239	M14-SG320100	26,516	26,516
Home Investment Partnerships Program	14.239	M15-SG320100	427,610	187,263
Home Investment Partnerships Program	14.239	M16-SG320100	366,558	106,759
Home Investment Partnerships Program	14.239	M17-SG320100	1,302,289	1,302,288
Home Investment Partnerships Program	14.239	M18-SG320100	187,511	187,511
			<b>2,310,484</b>	<b>1,810,337</b>

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Housing Opportunities for Persons with AIDS	14.241	NVH18-F999	28,761	24,437
Housing Opportunities for Persons with AIDS	14.241	NVH19-F999	328,502	328,411
			<b>357,263</b>	<b>352,848</b>
Continuum of Care Program	14.267	NV0005L9T001811	1,158,637	-
Continuum of Care Program	14.267	NV0018L9T011811	183,648	-
Continuum of Care Program	14.267	NV0023L9T021709	38,004	38,004
Continuum of Care Program	14.267	NV0023L9T021810	63,550	63,550
Continuum of Care Program	14.267	NV0124L9T021700	16,404	-
Continuum of Care Program	14.267	NV0132L9T021800	7,611	-
			<b>1,467,854</b>	<b>101,554</b>
Housing Trust Fund	14.275	F16-SG320100	127,101	-
Housing Trust Fund	14.275	F17-SG320100	1,142,971	1,142,971
Housing Trust Fund	14.275	F18-SG320100	1,700,000	1,700,000
			<b>2,970,072</b>	<b>2,842,971</b>
<b>Total Department of Housing and Urban Development</b>			<b>10,227,247</b>	<b>8,027,593</b>
<b>Department of the Interior</b>				
<b>Fish and Wildlife CLUSTER</b>				
Sport Fish Restoration	15.605	F14AF00494	128,784	-
Sport Fish Restoration	15.605	F14AF01085	469,195	-
Sport Fish Restoration	15.605	F15AF00465	700,000	-
Sport Fish Restoration	15.605	F18AF00351	4,760	4,760
Sport Fish Restoration	15.605	F18AF00354	38,105	-
Sport Fish Restoration	15.605	F18AF00355	7,769	7,769
Sport Fish Restoration	15.605	F18AF01067	260,696	-
Sport Fish Restoration	15.605	F18AF01174	15,360	-
Sport Fish Restoration	15.605	F19AF00344	287,435	-
Sport Fish Restoration	15.605	F19AF00347	67,688	-
Sport Fish Restoration	15.605	F19AF00348	62,666	-
Sport Fish Restoration	15.605	F19AF00349	1,884,322	490
Sport Fish Restoration	15.605	F19AF00350	1,668,070	968
Sport Fish Restoration	15.605	F19AF00354	18,626	-
Sport Fish Restoration	15.605	F19AF00358	47,557	10,000
Sport Fish Restoration	15.605	F19AF00361	313,129	-
			<b>5,974,162</b>	<b>23,987</b>

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Wildlife Restoration and Basic Hunter Education	15.611	F17AF00342	60,552	60,552
Wildlife Restoration and Basic Hunter Education	15.611	F17AF00623	295,119	-
Wildlife Restoration and Basic Hunter Education	15.611	F18AF00355	36,704	36,704
Wildlife Restoration and Basic Hunter Education	15.611	F18AF00358	206,438	412,876
Wildlife Restoration and Basic Hunter Education	15.611	F18AF00361	377,327	377,327
Wildlife Restoration and Basic Hunter Education	15.611	F18AF00569	2,424,723	533,809
Wildlife Restoration and Basic Hunter Education	15.611	F18AF00944	44,777	44,777
Wildlife Restoration and Basic Hunter Education	15.611	F19AF00351	946,345	-
Wildlife Restoration and Basic Hunter Education	15.611	F19AF00352	231,286	-
Wildlife Restoration and Basic Hunter Education	15.611	F19AF00353	424,943	201,567
Wildlife Restoration and Basic Hunter Education	15.611	F19AF00354	35,018	-
Wildlife Restoration and Basic Hunter Education	15.611	F19AF00355	305,592	-
Wildlife Restoration and Basic Hunter Education	15.611	F19AF00356	314,660	-
Wildlife Restoration and Basic Hunter Education	15.611	F19AF00357	4,775,484	665,944
Wildlife Restoration and Basic Hunter Education	15.611	F19AF00358	903,577	-
Wildlife Restoration and Basic Hunter Education	15.611	F19AF00359	100,406	100,406
Wildlife Restoration and Basic Hunter Education	15.611	F19AF00361	1,479,255	-
Wildlife Restoration and Basic Hunter Education	15.611	F19AF00384	807,671	3,895
Wildlife Restoration and Basic Hunter Education	15.611	F19AF00385	23,465	23,465
Wildlife Restoration and Basic Hunter Education	15.611	F19AF00799	96,200	96,200
			<b>13,889,542</b>	<b>2,557,522</b>
Hunter Education and Safety Program	15.626	F19AF00384	80,480	-
<b>Total Fish and Wildlife CLUSTER</b>			<b>19,944,184</b>	<b>2,581,509</b>
Cultural Resource Management	15.224	L18AC00015	39,717	-
Distribution of Receipts to State and Local Governments	15.227	TAYLOR GRAZING	236,024	236,024
Fish, Wildlife and Plant Conservation Resource Management	15.231	L15AC00070	302,891	42,719
Fish, Wildlife and Plant Conservation Resource Management	15.231	L15AC00076	840,217	388,504
Fish, Wildlife and Plant Conservation Resource Management	15.231	L15AC00077	112,329	28,657
Fish, Wildlife and Plant Conservation Resource Management	15.231	L15AC00078	1,290	-
			<b>1,256,727</b>	<b>459,880</b>
Forests and Woodlands Resource Management	15.233	L15AC00102	10,196	-

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Southern Nevada Public Land Management Act	15.235	L16AC00040	8,824	-
Southern Nevada Public Land Management Act	15.235	L17AC00066	16,475	-
			<b>25,299</b>	<b>-</b>
Environmental Quality and Protection Resource Management	15.236	L16AC00066	158,469	-
Plant Conservation and Restoration Management	15.245	L15AC00070	438,678	56,053
Plant Conservation and Restoration Management	15.245	L19AC00148	1,700	-
			<b>440,378</b>	<b>56,053</b>
Wildlife Resource Management	15.247	L15AC00077	111,321	-
Wildlife Resource Management	15.247	L19AC00035	87,595	87,595
			<b>198,916</b>	<b>87,595</b>
Providing Water to At-Risk Natural Desert Terminal Lakes	15.508	20100059403	29,839	-
Providing Water to At-Risk Natural Desert Terminal Lakes	15.508	R13AP20030	172,066	-
Providing Water to At-Risk Natural Desert Terminal Lakes	15.508	R15AP00035	86,818	-
			<b>288,723</b>	<b>-</b>
Fish and Wildlife Coordination Act	15.517	R17AP000025	10,443	-
Fish and Wildlife Coordination Act	15.517	R19AC00010	345,710	-
			<b>356,153</b>	<b>-</b>
Recreation Resources Management	15.524	R15AC00097	2,653	-
Fish and Wildlife Management Assistance	15.608	F14AC00418	5,191	-
Fish and Wildlife Management Assistance	15.608	F15AC00758	5,000	-
Fish and Wildlife Management Assistance	15.608	F16AC01228	20,000	20,000
Fish and Wildlife Management Assistance	15.608	F17AC00701	33,456	16,576
Fish and Wildlife Management Assistance	15.608	F18AP00268	47,695	47,695
Fish and Wildlife Management Assistance	15.608	F18AP00831	59,298	-
Fish and Wildlife Management Assistance	15.608	F20AP00067	132,121	-
Fish and Wildlife Management Assistance	15.608	F20AP00186	4,016	-
			<b>306,777</b>	<b>84,271</b>
Cooperative Endangered Species Conservation Fund	15.615	F18AP00644	6,428	6,428
Cooperative Endangered Species Conservation Fund	15.615	F18AP00714	2,409	-
Cooperative Endangered Species Conservation Fund	15.615	F19AP00402	18,675	-
Cooperative Endangered Species Conservation Fund	15.615	F19AP00403	76,190	-
Cooperative Endangered Species Conservation Fund	15.615	F19AP00404	23,175	-
Cooperative Endangered Species Conservation Fund	15.615	F19AP00405	64,269	490



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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	F19AP00407	17,681	-
Cooperative Endangered Species Conservation Fund	15.615	F19AP00408	53,766	-
			<b>262,593</b>	<b>6,918</b>
Clean Vessel Act	15.616	F16AP00382	1,078	1,078
State Wildlife Grants	15.634	F18AP00884	23,869	23,869
State Wildlife Grants	15.634	F19AF00342	508,970	-
State Wildlife Grants	15.634	F19AF00343	222,161	-
State Wildlife Grants	15.634	F19AF00354	4,464	-
			<b>759,464</b>	<b>23,869</b>
Tribal Wildlife Grants	15.639	F16AP00382	1,506	1,506
Endangered Species Conservation - Recovery Implementation Funds	15.657	F17AP00985	20,003	20,003
Endangered Species Conservation - Recovery Implementation Funds	15.657	F20AP00003	20,000	-
			<b>40,003</b>	<b>20,003</b>
Adaptive Science	15.670	F19AP00002	97,300	-
Adaptive Science	15.670	F20AC00092	50,000	-
			<b>147,300</b>	<b>-</b>
Historic Preservation Fund Grants-In-Aid	15.904	P18AF00028	57,641	57,641
Historic Preservation Fund Grants-In-Aid	15.904	P18AP00147	45,062	45,000
Historic Preservation Fund Grants-In-Aid	15.904	P19AF00007	538,193	1,556
Historic Preservation Fund Grants-In-Aid	15.904	P20AF00033	21,547	-
			<b>662,443</b>	<b>104,197</b>
Natural Resource Stewardship	15.944	P14AC01675	135,199	-
Natural Resource Stewardship	15.944	P17AC01700	47,152	-
			<b>182,351</b>	<b>-</b>
National Park Service Conservation, Protection, Outreach And Education	15.954	P19AC00387	261,128	-
Water Use and Data Research	15.981	G17AC00323	519	-
Water Use and Data Research	15.981	G19AC00328	35,580	-
			<b>36,099</b>	<b>-</b>
<b>Total Department of the Interior</b>			<b>25,618,181</b>	<b>3,662,903</b>

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
<b>Department of Justice</b>				
Sexual Assault Services Formula Program	16.017	2018-KF-AX-0034	60,526	60,526
Sexual Assault Services Formula Program	16.017	2019-KF-AX-0019	217,181	197,354
			<b>277,707</b>	<b>257,880</b>
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0150	20,000	-
Community-Based Violence Prevention Program	16.123	2019-MU-FX-K001	71,545	52,203
Antiterrorism Emergency Reserve	16.321	2019-V7-GX-0001	3,642,844	1,549,687
Enhanced Training and Services to End Violence and Abuse of Women Later In Life	16.528	2016-EW-AX-K008	144,049	90,743
Juvenile Justice and Delinquency Prevention_Allocation to States	16.540	2016-JF-FX-0060	3,986	-
Juvenile Justice and Delinquency Prevention_Allocation to States	16.540	2017-JF-FX-0048	102,518	-
Juvenile Justice and Delinquency Prevention_Allocation to States	16.540	2018-JX-FX-0040	17,650	-
			<b>124,154</b>	<b>-</b>
National Criminal History Improvement Program (NCHIP)	16.554	2017-RU-BX-K024	279,430	-
National Criminal History Improvement Program (NCHIP)	16.554	2018-RU-BX-K032	292,435	-
National Criminal History Improvement Program (NCHIP)	16.554	2019-RU-BX-K017	874	-
			<b>572,739</b>	<b>-</b>
Crime Victim Assistance	16.575	2016-VA-GX-0076	542,768	542,768
Crime Victim Assistance	16.575	2017-VA-GX-0085	5,501,152	4,949,482
Crime Victim Assistance	16.575	2018-V2-GX-0076	7,694,745	7,097,987
			<b>13,738,665</b>	<b>12,590,237</b>
Violence Against Women Formula Grants	16.588	2018-WF-AX-0004	264,124	257,228
Violence Against Women Formula Grants	16.588	2019-WF-AX-0045	944,259	769,758
			<b>1,208,383</b>	<b>1,026,986</b>
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589	2016-WR-AX-0046	6,317	6,317
Grants to Encourage Arrest Policies	16.590	2018-WE-AX-0023	82,228	14,728
Residential Substance Abuse Treatment for State Prisoners	16.593	2015-RT-BX-0029	34,871	-
Residential Substance Abuse Treatment for State Prisoners	16.593	2016-RT-BX-0017	85,008	-
Residential Substance Abuse Treatment for State Prisoners	16.593	2017-RT-BX-0017	2,252	-
			<b>122,131</b>	<b>-</b>
State Criminal Alien Assistance Program	16.606	2019-AP-BX-1021	1,207,777	-
State Criminal Alien Assistance Program	16.606	2019-AP-BX-1158	2,878,784	-
			<b>4,086,561</b>	<b>-</b>

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Public Safety Partnership and Community Policing Grants	16.710	2019HPWX0011	3,891	-
Special Data Collections and Statistical Studies	16.734	2015-R2-CX-K043	1,011,294	414,899
Prea Program: Demonstration Projects To Establish 'Zero Tolerance' Cultures For Sexual Assault In Correctional Facilities	16.735	2019-RP-BX-0004	36,408	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-MU-BX-0543	651	651
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-MU-BX-0157	506,968	381,752
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-MU-BX-0216	1,132,337	1,090,314
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-MU-BX-0077	868,574	612,178
			<b>2,508,530</b>	<b>2,084,895</b>
DNA Backlog Reduction Program	16.741	2016-DN-BX-K011	70,158	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2017-CD-BX-0028	1,311	1,311
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2018-CD-BX-0045	236,649	229,171
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2019-CD-BX-0036	27,431	22,440
			<b>265,391</b>	<b>252,922</b>
Support for Adam Walsh Act Implementation Grant Program	16.750	2017-AW-BX-0035	41,846	-
Support for Adam Walsh Act Implementation Grant Program	16.750	2018-AW-BX-0003	34,497	-
Support for Adam Walsh Act Implementation Grant Program	16.750	2019-AW-BX-0023	366	-
			<b>76,709</b>	<b>-</b>
Edward Byrne Memorial Competitive Grant Program	16.751	2019-XT-BX-0019	3,093	-
Second Chance Act Prisoner Reentry Initiative	16.812	2016-CZ-BX-0015	217,379	-
Second Chance Act Prisoner Reentry Initiative	16.812	2018-RQ-BX-0009	33,655	-
			<b>251,034</b>	<b>-</b>
NICS Act Record Improvement Program	16.813	2017-NS-BX-K007	74,189	-
NICS Act Record Improvement Program	16.813	2018-NS-BX-K005	235,809	-
NICS Act Record Improvement Program	16.813	2019-NS-BX-K005	354	-
			<b>310,352</b>	<b>-</b>
John R. Justice Prosecutors and Defenders Incentive Act	16.816	2019-RJ-BX-0038	36,198	-
Emergency Law Enforcement Assistance Grant	16.824	2018-DG-BX-0001	737	737
National Sexual Assault Kit Initiative	16.833	2015-AK-BX-K005	182,835	159,099
National Sexual Assault Kit Initiative	16.833	2016-AK-BX-K004	405,029	329,881
National Sexual Assault Kit Initiative	16.833	2017-AK-BX-0017	13,939	-
National Sexual Assault Kit Initiative	16.833	2018-AK-BX-0005	125,701	90,305

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
National Sexual Assault Kit Initiative	16.833	2019-AK-BX-0007	2,107	-
			<b>729,611</b>	<b>579,285</b>
Comprehensive Opioid Abuse Site-Based Program	16.838	2017-AR-BX-K003	26,324	-
STOP School Violence	16.839	2018-YS-BX-0046	136,760	29,431
STOP School Violence	16.839	2018-YS-BX-0142	109,008	-
			<b>245,768</b>	<b>29,431</b>
Equitable Sharing Program	16.922	DOT EQUITABLE DISTRIBUTION EXP	8,481	-
Equitable Sharing Program	16.922	DPS FEDERAL FORFEITURES	60,004	-
Equitable Sharing Program	16.922	Justice Forfeiture Gaming	115,657	-
			<b>184,142</b>	<b>-</b>
<b>Total Department of Justice</b>			<b>29,856,963</b>	<b>18,950,950</b>
<b>Department of Labor</b>				
<b>Employment Service CLUSTER</b>				
Employment Service/Wagner-Peyser Funded Activities	17.207	ES-31005-17-55-A-32	139,453	-
Employment Service/Wagner-Peyser Funded Activities	17.207	ES-31860-18-55-A-32	443,737	-
Employment Service/Wagner-Peyser Funded Activities	17.207	ES-33404-19-55-A-32	5,465,453	-
Employment Service/Wagner-Peyser Funded Activities	17.207	MI-32229-18-60-A-32	268,088	-
			<b>6,316,731</b>	<b>-</b>
Jobs For Veterans State Grants	17.801	DV-32902-19-55-5-32	609,142	-
Jobs For Veterans State Grants	17.801	DV-34210-20-55-5-32	1,336,765	-
			<b>1,945,907</b>	<b>-</b>
<b>Total Employment Service CLUSTER</b>			<b>8,262,638</b>	<b>-</b>
<b>WIOA CLUSTER</b>				
WIOA Adult Program	17.258	AA-30799-17-55-A-32	78,596	78,596
WIOA Adult Program	17.258	AA-32217-18-55-A-32	2,480,282	1,384,061
WIOA Adult Program	17.258	AA-33248-19-55-A-32	6,383,721	6,383,721
			<b>8,942,599</b>	<b>7,846,378</b>
WIOA Youth Activities	17.259	AA-32217-18-55-A-32	2,762,985	2,588,817
WIOA Youth Activities	17.259	AA-33248-19-55-A-32	4,434,632	4,434,632
			<b>7,197,617</b>	<b>7,023,449</b>
WIOA Dislocated Worker Formula Grants	17.278	AA-30799-17-55-A-32	4,334,432	1,800,136
WIOA Dislocated Worker Formula Grants	17.278	AA-32217-18-55-A-32	8,320,056	7,596,243

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WIOA Dislocated Worker Formula Grants	17.278	AA-33248-19-55-A-32	736,386	564,938
			<b>13,390,874</b>	<b>9,961,317</b>
<b>Total WIOA CLUSTER</b>			<b>29,531,090</b>	<b>24,831,144</b>
Labor Force Statistics	17.002	LM-31925-19-75-J-32	190,911	-
Labor Force Statistics	17.002	LM-33084-20-75-J-32	696,902	-
			<b>887,813</b>	-
Compensation and Working Conditions	17.005	OS-31908-19-75-J-32	18,169	-
Compensation and Working Conditions	17.005	OS-33067-20-75-J-32	62,815	-
			<b>80,984</b>	-
Unemployment Insurance	17.225	UI Trust Fund	1,620,590,334	-
Unemployment Insurance	17.225	UI-32612-19-55-A-32	7,972,395	-
Unemployment Insurance	17.225	UI-32715-19-55-A-32	5,007	-
Unemployment Insurance	17.225	UI-32858-19-60-A-32	1,143,986	-
Unemployment Insurance	17.225	UI-34071-20-55-A-32	22,414,266	-
Unemployment Insurance	17.225	UI-34177-20-55-A-32	13,546	-
Unemployment Insurance	17.225	UI-34508-20-60-A-32	213,578	-
COVID-19 Unemployment Insurance	17.225	FAMILIES FIRST	1,968,452	-
COVID-19 Unemployment Insurance	17.225	UI EUC	40,714	-
COVID-19 Unemployment Insurance	17.225	UI FPUC	3,371,192,513	-
COVID-19 Unemployment Insurance	17.225	UI PEUC	24,982,404	-
COVID-19 Unemployment Insurance	17.225	UI PUA	457,287,905	-
COVID-19 Unemployment Insurance	17.225	UI-34728-20-55-A-32	1,643,800	-
			<b>5,509,468,900</b>	-
Senior Community Service Employment Program	17.235	AD-31770-18-55-A-32	114,349	114,349
Senior Community Service Employment Program	17.235	AD-33706-19-60-A-32	321,622	303,292
			<b>435,971</b>	<b>417,641</b>
Trade Adjustment Assistance	17.245	TA-32664-19-55-A-32	35,726	-
Work Opportunity Tax Credit Program (WOTC)	17.271	WT-32779-19-55-A-32	63,912	-
Work Opportunity Tax Credit Program (WOTC)	17.271	WT-34124-20-55-A-32	25,442	-
			<b>89,354</b>	-
Temporary Labor Certification for Foreign Workers	17.273	FL-31657-18-55-A-32	36,263	-
Temporary Labor Certification for Foreign Workers	17.273	FL-33870-19-55-A-32	93,140	-
			<b>129,403</b>	-
Workforce Investment Act (WIA) National Emergency	17.277	DW-29791-16-60-A 32	307,493	-

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Apprenticeship USA Grants	17.285	AP-30083-16-60-A-32	598,637	-
Occupational Safety and Health_State Program	17.503	SP-35113-SP9	23,451	-
Occupational Safety and Health_State Program	17.503	SP-35213-SP0	1,511,616	-
			<b>1,535,067</b>	<b>-</b>
Consultation Agreements	17.504	CS-31029-CS9	26,743	-
Consultation Agreements	17.504	CS-32029-CS0	625,200	-
			<b>651,943</b>	<b>-</b>
Mine Health and Safety Grants	17.600	MS-03201-19-55-R-32	7,782	-
Mine Health and Safety Grants	17.600	MS-35137-20-55-R-32	384,229	-
			<b>392,011</b>	<b>-</b>
<b>Total Department of Labor</b>			<b>5,552,407,030</b>	<b>25,248,785</b>
<b>Department of Transportation</b>				
<b>Federal Motor Carrier Safety Assistance CLUSTER</b>				
Motor Carrier Safety Assistance	20.218	69A3601930207MCG0NV	1,580,561	-
Motor Carrier Safety Assistance	20.218	FM-MCG-0399-18	512,335	-
			<b>2,092,896</b>	<b>-</b>
<b>Total Federal Motor Carrier Safety Assistance CLUSTER</b>			<b>2,092,896</b>	<b>-</b>
<b>Federal Transit CLUSTER</b>				
Bus and Bus Facilities Formula Program	20.526	NV-2018-009-00	413,802	413,802
Bus and Bus Facilities Formula Program	20.526	NV-2019-019-00	295,548	295,548
Bus and Bus Facilities Formula Program	20.526	NV-2019-024-00	200,550	200,550
Bus and Bus Facilities Formula Program	20.526	NV-2020-001-01	316,841	316,841
Bus and Bus Facilities Formula Program	20.526	NV-34-0002	2,127	2,127
Bus and Bus Facilities Formula Program	20.526	NV-34-0006	146,081	127,473
			<b>1,374,949</b>	<b>1,356,341</b>
<b>Total Federal Transit CLUSTER</b>			<b>1,374,949</b>	<b>1,356,341</b>
<b>Highway Planning and Construction CLUSTER</b>				
Highway Planning and Construction	20.205	20205	322,750,236	36,398,033
Recreational Trails Program	20.219	NRTP-013	54,778	10
Recreational Trails Program	20.219	NRTP-016	165,221	8,729
Recreational Trails Program	20.219	NRTP017	951,741	882,354
Recreational Trails Program	20.219	NRTP018	253,119	149,868
			<b>1,424,859</b>	<b>1,040,961</b>
<b>Total Highway Planning and Construction CLUSTER</b>			<b>324,175,095</b>	<b>37,438,994</b>

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<b>Highway Safety CLUSTER</b>				
State and Community Highway Safety	20.600	69A37518300004020NV0	401,552	336,443
State and Community Highway Safety	20.600	69A37519300004020NV0	1,489,717	442,732
			<b>1,891,269</b>	<b>779,175</b>
National Priority Safety Programs	20.616	20616	7,880	7,880
National Priority Safety Programs	20.616	18X920405BNV17	282	282
National Priority Safety Programs	20.616	18X920405BNV19	84,494	51,697
National Priority Safety Programs	20.616	18X920405CNV17	108,868	39,883
National Priority Safety Programs	20.616	18X920405FNV17	15,773	-
National Priority Safety Programs	20.616	18X920405FNV19	32,851	-
National Priority Safety Programs	20.616	69A3751830000405BNVL	166,145	52,332
National Priority Safety Programs	20.616	69A3751830000405CNV0	136,287	32,685
National Priority Safety Programs	20.616	69A3751830000405DNVM	375,496	285,461
National Priority Safety Programs	20.616	69A3751830000405FNVO	34,938	-
National Priority Safety Programs	20.616	69A3751830000405HNVO	717	717
National Priority Safety Programs	20.616	69A3751930000405DNVM	596,829	411,573
National Priority Safety Programs	20.616	69A3751930000405HNVO	138,346	129,844
			<b>1,698,906</b>	<b>1,012,354</b>
<b>Total Highway Safety CLUSTER</b>			<b>3,590,175</b>	<b>1,791,529</b>
<b>Transit Services Programs CLUSTER</b>				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NV-16-0038	163,065	163,065
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NV-2018-008-00	63,856	63,856
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NV-2019-023-00	12,866	6,315
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NV-2019-025-00	50,601	50,302
			<b>290,388</b>	<b>283,538</b>
<b>Total Transit Services Programs CLUSTER</b>			<b>290,388</b>	<b>283,538</b>
Airport Improvement Program	20.106	3-32-0000-010-2017	3,914	-
Performance and Registration Information Systems Management	20.231	FM-PZG-0061-15-01-00	400,000	-
Commercial Vehicle Information Systems And Networks	20.237	69A3601840058MHP0NV	230,400	-
Commercial Vehicle Information Systems And Networks	20.237	FM-CVN-0094-15-01-00	4,859	-
Commercial Vehicle Information Systems And Networks	20.237	FM-MHP-0285-17	26,527	-
			<b>261,786</b>	<b>-</b>

**STATE OF NEVADA**  
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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Fuel Tax Evasion_Intergovernmental Enforcement Effort	20.240	FTE1601	495	-
Federal Transit_Metropolitan Planning Grants	20.505	NV-2016-014-00	135,440	135,440
Federal Transit_Metropolitan Planning Grants	20.505	NV-2017-016-07-00	4,846	4,846
Federal Transit_Metropolitan Planning Grants	20.505	NV-80-0017	30,117	30,117
			<b>170,403</b>	<b>170,403</b>
Formula Grants For Rural Areas And Tribal Transit Program	20.509	NV-18-X025	54,358	29,868
Formula Grants For Rural Areas And Tribal Transit Program	20.509	NV-18-X031	608	-
Formula Grants For Rural Areas And Tribal Transit Program	20.509	NV-18-X032	208,960	155,742
Formula Grants For Rural Areas And Tribal Transit Program	20.509	NV-18-X038	86,750	67,150
Formula Grants For Rural Areas And Tribal Transit Program	20.509	NV-18-X039	3,639	618
Formula Grants For Rural Areas And Tribal Transit Program	20.509	NV-2017-017-01-00	33,949	26,371
Formula Grants For Rural Areas And Tribal Transit Program	20.509	NV-2017-017-02-00	110,471	80,335
Formula Grants For Rural Areas And Tribal Transit Program	20.509	NV-2017-017-03-00	57,986	44,437
Formula Grants For Rural Areas And Tribal Transit Program	20.509	NV-2017-017-04-00	17,446	16,574
Formula Grants For Rural Areas And Tribal Transit Program	20.509	NV-2017-017-05-00	5,982	3,624
Formula Grants For Rural Areas And Tribal Transit Program	20.509	NV-2017-017-06-00	4,787	3,372
Formula Grants For Rural Areas And Tribal Transit Program	20.509	NV-2017-017-07-00	11,043	7,249
Formula Grants For Rural Areas And Tribal Transit Program	20.509	NV-2017-017-08-00	5,125	3,043
Formula Grants For Rural Areas And Tribal Transit Program	20.509	NV-2017-017-09-00	21,779	20,690
Formula Grants For Rural Areas And Tribal Transit Program	20.509	NV-2017-017-10-00	4,352	4,134
Formula Grants For Rural Areas And Tribal Transit Program	20.509	NV-2017-017-11-00	13,430	9,799
Formula Grants For Rural Areas And Tribal Transit Program	20.509	NV-2017-017-12-00	23,010	14,235
Formula Grants For Rural Areas And Tribal Transit Program	20.509	NV-2017-017-14-00	973,585	647,015
Formula Grants For Rural Areas And Tribal Transit Program	20.509	NV-2017-017-15-00	91,908	50,924
Formula Grants For Rural Areas And Tribal Transit Program	20.509	NV-2017-017-16-00	9,897	6,867
Formula Grants For Rural Areas And Tribal Transit Program	20.509	NV-2017-017-17-00	19,725	12,344
Formula Grants For Rural Areas And Tribal Transit Program	20.509	NV-2017-017-27-00	6,093	5,788
Formula Grants For Rural Areas And Tribal Transit Program	20.509	NV-2017-017-29-00	31,935	17,601
Formula Grants For Rural Areas And Tribal Transit Program	20.509	NV-2018-014-00	3,155,669	2,027,861
Formula Grants For Rural Areas And Tribal Transit Program	20.509	NV-2019-022-00	2,603,954	1,897,816
COVID-19 Formula Grants For Rural Areas And Tribal Transit Program	20.509	NV-2020-008-00	1,204,129	1,204,129
			<b>8,760,570</b>	<b>6,357,586</b>



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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	20.614	DTNH2215H00473-0002	123,202	-
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	20.614	DTNH2217H00149	80,176	-
			<b>203,378</b>	<b>-</b>
Pipeline Safety	20.700	693JK31830027PSBG	79,617	-
Pipeline Safety	20.700	693JK31930026PGSB	618,868	-
			<b>698,485</b>	<b>-</b>
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	693JK31940028HMEP	27,258	27,258
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	HM-HMP-0550-16-01-00	98,601	93,520
			<b>125,859</b>	<b>120,778</b>
PHMSA Pipeline Safety Program One Call Grant	20.721	693JK31940016PSOC	39,150	-
<b>Total Department of Transportation</b>			<b>342,187,543</b>	<b>47,519,169</b>
<b>Department of Treasury</b>				
Equitable Sharing	21.016	US TREASURY FORFEITURE GAMING	1,769,365	-
COVID-19 Coronavirus Relief Fund	21.019	CARES ACT 2020	88,090,069	248,812
<b>Total Department of Treasury</b>			<b>89,859,434</b>	<b>248,812</b>
<b>National Foundation on the Arts and the Humanities</b>				
Promotion of the Arts_Partnership Agreements	45.025	1809902-61-18	33,410	32,928
Promotion of the Arts_Partnership Agreements	45.025	1856024-61-19	603,177	345,194
COVID-19 Promotion of the Arts_Partnership Agreements	45.025	1856024-61-19C	205,000	205,000
			<b>841,587</b>	<b>583,122</b>
Grants to States	45.310	LS-00-18-0029-18	512,681	340,588
Grants to States	45.310	LS-00-19-0029-19	1,448,891	84,148
			<b>1,961,572</b>	<b>424,736</b>
<b>Total National Foundation on the Arts and the Humanities</b>			<b>2,803,159</b>	<b>1,007,858</b>
<b>Small Business Administration</b>				
STATE TRADE AND EXPORT PROMOTION PILOT GRANT PROGRAM	59.061	SBAHQ-17-IT-0025	2,868	-
STATE TRADE AND EXPORT PROMOTION PILOT GRANT PROGRAM	59.061	SBAHQ18IT0015	125,338	96,735
STATE TRADE AND EXPORT PROMOTION PILOT GRANT PROGRAM	59.061	SBAHQ19T0037/0001	13,155	13,155
			<b>141,361</b>	<b>109,890</b>
<b>Total Small Business Administration</b>			<b>141,361</b>	<b>109,890</b>

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
<b>Department of Veterans Affairs</b>				
Grants to States for Construction of State Home Facilities	64.005	FAI 32-005	214,495	-
VA Grants for Adaptive Sports Programs for Disabled Veterans and Disabled Members of the Armed Forces	64.034	2018-ASG-55	8,677	8,677
VA Grants for Adaptive Sports Programs for Disabled Veterans and Disabled Members of the Armed Forces	64.034	2019-ASG-55	1,080	1,080
			<b>9,757</b>	<b>9,757</b>
Veterans Transportation Program	64.035	702-2018-HRTG-015	25,390	25,390
			<b>25,390</b>	<b>25,390</b>
			<b>249,642</b>	<b>35,147</b>
<b>Total Department of Veterans Affairs</b>				
<b>Environmental Protection Agency</b>				
<b>Clean Water State Revolving Fund Cluster CLUSTER</b>				
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-32000118	3,374,386	-
			<b>3,374,386</b>	<b>-</b>
<b>Drinking Water State Revolving Fund Cluster CLUSTER</b>				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	FS-99996017-0	101,141	708
Capitalization Grants for Drinking Water State Revolving Funds	66.468	FS99996018	3,136,231	301,274
Capitalization Grants for Drinking Water State Revolving Funds	66.468	FS99996019-0	9,424,483	57,506
			<b>12,661,855</b>	<b>359,488</b>
			<b>12,661,855</b>	<b>359,488</b>
<b>Total Drinking Water State Revolving Fund Cluster CLUSTER</b>				
State Indoor Radon Grants	66.032	K1-96963518-0	47,932	47,932
State Indoor Radon Grants	66.032	K1-96963520-0	209,938	200,830
			<b>257,870</b>	<b>248,762</b>
State Clean Diesel Grant Program	66.040	99T62001	441,564	-
Multipurpose Grants to States and Tribes	66.204	AA-99T60401	1,758	-
Multipurpose Grants to States and Tribes	66.204	AA-99T99201	19,249	-
			<b>21,007</b>	<b>-</b>
Water Pollution Control_State and Interstate Program Support	66.419	I-00T20616	2,967	2,967
Water Pollution Control_State and Interstate Program Support	66.419	I-00T20617	40,003	-
Water Pollution Control_State and Interstate Program Support	66.419	I-00T20618	180,795	-
Water Pollution Control_State and Interstate Program Support	66.419	I-00T20620	325	-
Water Pollution Control_State and Interstate Program Support	66.419	I-97933616	738,038	83,328
Water Pollution Control_State and Interstate Program Support	66.419	I-97933716	178,172	-
			<b>1,140,300</b>	<b>86,295</b>

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
State Public Water System Supervision	66.432	F-00910520	683,500	98,107
State Underground Water Source Protection	66.433	G-00945619	77,000	-
Water Quality Management Planning	66.454	C6-97965919	10,329	10,329
Water Quality Management Planning	66.454	C6-97965920	60,000	-
Water Quality Management Planning	66.454	C697965918	16,132	16,132
			<b>86,461</b>	<b>26,461</b>
Nonpoint Source Implementation Grants	66.460	C9-97908115	19,148	17,923
Nonpoint Source Implementation Grants	66.460	C9-97908116	59,450	41,480
Nonpoint Source Implementation Grants	66.460	C9-97908117	185,016	181,666
Nonpoint Source Implementation Grants	66.460	C9-97908118	517,124	364,480
Nonpoint Source Implementation Grants	66.460	C9-97908119	547,440	204,732
Nonpoint Source Implementation Grants	66.460	C9-97908120	138,791	36,691
			<b>1,466,969</b>	<b>846,972</b>
Performance Partnership Grants	66.605	97958820	1,400,481	-
Performance Partnership Grants	66.605	BG-00T87017-07	271,222	-
			<b>1,671,703</b>	<b>-</b>
Environmental Information Exchange Network Grant Program and Related Assistance	66.608	OS-83921901-0	55,000	-
Superfund State, Political Subdivision, and Indian Tribe Site_Specific Cooperative Agreements	66.802	99T88001	96,156	-
Superfund State, Political Subdivision, and Indian Tribe Site_Specific Cooperative Agreements	66.802	V-99T28801	156,725	-
Superfund State, Political Subdivision, and Indian Tribe Site_Specific Cooperative Agreements	66.802	V-99T41401	59,211	-
			<b>312,092</b>	<b>-</b>
Underground Storage Tank Prevention, Detection and Compliance Program	66.804	99T86701	334,022	-
Leaking Underground Storage Tank Trust Fund Program	66.805	99T86801	500,000	-
State and Tribal Response Program Grants	66.817	RP-99T41601	780,058	-
<b>Total Environmental Protection Agency</b>			<b>23,863,787</b>	<b>1,666,085</b>

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
<b>Department of Energy</b>				
State Energy Program	81.041	DE-EE0008290	515,230	-
Weatherization Assistance for Low-Income Persons	81.042	DE-EE0007934	922,830	824,461
Environmental Remediation And Waste Processing And Disposal	81.104	DE-EM0004215	2,654,121	-
Environmental Remediation And Waste Processing And Disposal	81.104	DE-NA0003294	555,295	-
Environmental Remediation And Waste Processing And Disposal	81.104	DE-NA0003295	411,340	-
Environmental Remediation And Waste Processing And Disposal	81.104	DE-NA0003296	311,991	307,998
			<b>3,932,747</b>	<b>307,998</b>
Passed Through Western Governor's Association Transport of Transuranic Wastes to the WIPP	81.106	DE-EM0001204	111,191	-
			<b>5,481,998</b>	<b>1,132,459</b>
<b>Department of Education</b>				
<b>Special Education (IDEA) CLUSTER</b>				
Special Education_Grants to States	84.027	H027A170043	3,967,083	3,643,604
Special Education_Grants to States	84.027	H027A180043	28,294,812	26,435,384
Special Education_Grants to States	84.027	H027A190043	47,118,022	47,039,787
			<b>79,379,917</b>	<b>77,118,775</b>
Special Education_Preschool Grants	84.173	H173A160046	11,771	11,771
Special Education_Preschool Grants	84.173	H173A170046	120,498	64,805
Special Education_Preschool Grants	84.173	H173A180046	1,085,874	964,789
Special Education_Preschool Grants	84.173	H173A190046	1,095,089	1,058,938
			<b>2,313,232</b>	<b>2,100,303</b>
			<b>81,693,149</b>	<b>79,219,078</b>
<b>Total Special Education (IDEA) CLUSTER</b>				
Adult Education_State Grant Program	84.002	V002A170029	18,477	18,477
Adult Education_State Grant Program	84.002	V002A180029	3,070,203	2,907,214
Adult Education_State Grant Program	84.002	V002A190029	3,070,287	2,308,682
			<b>6,158,967</b>	<b>5,234,373</b>
Title I Grants to Local Educational Agencies	84.010	S010A170028	2,466,895	2,448,771
Title I Grants to Local Educational Agencies	84.010	S010A180028	51,328,782	49,826,541
Title I Grants to Local Educational Agencies	84.010	S010A190028	85,689,627	85,564,164
			<b>139,485,304</b>	<b>137,839,476</b>

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Migrant Education_State Grant Program	84.011	S011A160028	7,869	7,869
Migrant Education_State Grant Program	84.011	S011A180028	99,947	40,159
Migrant Education_State Grant Program	84.011	S011A190028	82,809	78,864
			<b>190,625</b>	<b>126,892</b>
Title I Program for Neglected and Delinquent Children and Youth	84.013	S013A180028	9,779	9,779
Title I Program for Neglected and Delinquent Children and Youth	84.013	S013A180028	459,226	387,920
Title I Program for Neglected and Delinquent Children and Youth	84.013	S013A190028	211,167	92,157
			<b>680,172</b>	<b>489,856</b>
Career and Technical Education_Basic Grants to States	84.048	V048A170028	698,836	678,570
Career and Technical Education_Basic Grants to States	84.048	V048A180028	3,576,061	3,338,461
Career and Technical Education_Basic Grants to States	84.048	V048A190028	5,358,473	4,586,423
			<b>9,633,370</b>	<b>8,603,454</b>
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	H126A190041	6,179,722	-
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	H126A200041	13,497,121	-
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	PROGRAM INCOME SSA19	120,596	-
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	PROGRAM INCOME SSAST17	601,228	-
			<b>20,398,667</b>	<b>-</b>
Migrant Education_Coordination Program	84.144	S144F170028	73,497	39,282
Migrant Education_Coordination Program	84.144	S144F180028	79,122	804
			<b>152,619</b>	<b>40,086</b>
Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind	84.177	H177B190028	57,109	-
Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind	84.177	H177B200028	201,653	-
			<b>258,762</b>	<b>-</b>
Special Education-Grants for Infants and Families	84.181	H181A180019	1,370,190	-
Special Education-Grants for Infants and Families	84.181	H181A190019	2,622,585	-
			<b>3,992,775</b>	<b>-</b>
Safe And Drug-Free Schools And Communities_National Programs	84.184	S184F140007	341,808	323,740
Safe And Drug-Free Schools And Communities_National Programs	84.184	S184F180007	501,288	361,876
Safe And Drug-Free Schools And Communities_National Programs	84.184	S184F180007-19	302,716	288,877
			<b>1,145,812</b>	<b>974,493</b>

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Supported Employment Services for Individuals with Severe Disabilities	84.187	H187A190042	1,960	-
Supported Employment Services for Individuals with Severe Disabilities	84.187	H187A200042	12,132	-
Supported Employment Services for Individuals with Severe Disabilities	84.187	H187B190042	21,246	-
Supported Employment Services for Individuals with Severe Disabilities	84.187	H187B200042	44,748	-
			<b>80,086</b>	<b>-</b>
Education of Homeless Children and Youth	84.196	S196A180029	383,595	289,614
Education of Homeless Children and Youth	84.196	S196A190029	410,841	396,437
			<b>794,436</b>	<b>686,051</b>
Charter Schools	84.282	U282A150016	2,229,281	2,192,208
Twenty-First Century Community Learning Centers	84.287	S287C130028	366,331	366,331
Twenty-First Century Community Learning Centers	84.287	S287C150028	3,838,572	3,838,572
Twenty-First Century Community Learning Centers	84.287	S287C160028	47,761	46,124
Twenty-First Century Community Learning Centers	84.287	S287C170028	1,714,971	1,696,197
Twenty-First Century Community Learning Centers	84.287	S287C180028	5,087,151	4,442,578
Twenty-First Century Community Learning Centers	84.287	S287C190028	14,304	-
			<b>11,069,090</b>	<b>10,389,802</b>
Indian Education -- Special Programs for Indian Children	84.299	S299A170030	651,343	524,490
Special Education - State Personnel Development	84.323	H323A150012	945,139	716,799
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	P334S120028	1,442,354	1,252,584
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	P334S190009	168,948	-
			<b>1,611,302</b>	<b>1,252,584</b>
Rural Education	84.358	S358B180028	13,086	13,086
Rural Education	84.358	S35B190028	26,030	20,980
			<b>39,116</b>	<b>34,066</b>
English Language Acquisition State Grants	84.365	S365A170028	233,611	230,700
English Language Acquisition State Grants	84.365	S365A180028	2,211,708	1,888,866
English Language Acquisition State Grants	84.365	S365A190028	3,435,681	3,351,713
			<b>5,881,000</b>	<b>5,471,279</b>
Mathematics and Science Partnerships	84.366	S366B160029	2,419	-

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	S367A170027	384,130	366,514
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	S367A180027	6,475,414	6,191,007
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	S367A190027	2,883,621	2,616,216
			<b>9,743,165</b>	<b>9,173,737</b>
Grants for State Assessments and Related Activities	84.369	S369A180029	1,601,268	-
Grants for State Assessments and Related Activities	84.369	S369A190029	3,179,136	-
			<b>4,780,404</b>	<b>-</b>
School Improvement Grants	84.377	S377A140029	550,741	550,741
School Improvement Grants	84.377	S377A150029	1,714,838	1,714,838
School Improvement Grants	84.377	S377A160029	419,128	251,832
			<b>2,684,707</b>	<b>2,517,411</b>
Preschool Development Grants	84.419	S419A150004-15A	5,828,351	5,827,311
Student Support and Academic Enrichment Program	84.424	S424A170029	983,915	968,928
Student Support and Academic Enrichment Program	84.424	S424A180029	4,759,529	4,544,626
Student Support and Academic Enrichment Program	84.424	S424A190029	880,080	829,409
Student Support and Academic Enrichment Program	84.424	S424C190005-19A	85,548	-
			<b>6,709,072</b>	<b>6,342,963</b>
COVID-19 Education Stabilization Fund	84.425	S425D200018	1,277,880	1,261,994
<b>Total Department of Education</b>			<b>318,117,013</b>	<b>278,918,403</b>
<b>Election Assistance Commission</b>				
2018 HAVA Election Security Grants	90.404	NV18101001	896,441	14,461
COVID-19 2020 Supplemental COVID-19 Election Security Grants	90.404	NV20101CARES	2,849,293	1,081,615
			<b>3,745,734</b>	<b>1,096,076</b>
<b>Total Election Assistance Commission</b>			<b>3,745,734</b>	<b>1,096,076</b>
<b>Department of Health and Human Services</b>				
<b>Aging CLUSTER</b>				
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	18AANVT3SS	1,094,519	1,045,360
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	1901NVOASS	1,969,212	1,797,722
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2001NVOASS	514,532	-

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
COVID-19 Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2001NVSSC3	7,001	7,001
			<b>3,585,264</b>	<b>2,850,083</b>
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	18AANVT3CM	70,964	70,964
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	18AANVT3HD	348,816	348,816
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	1901NVOACM	1,381,225	1,088,161
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	1901NVOAHD	3,201,541	3,201,541
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	2001NVOACM	404,712	-
COVID-19 Special Programs for the Aging_Title III, Part C_Nutrition Srvs	93.045	2001NVHDC2	143,395	143,395
COVID-19 Special Programs for the Aging_Title III, Part C_Nutrition Srvs	93.045	2001NVHDC3	129,889	129,889
			<b>5,680,542</b>	<b>4,982,766</b>
Nutrition Services Incentive Program	93.053	1901NVOANS	848,018	848,018
Nutrition Services Incentive Program	93.053	2001NVOANS	578,748	578,748
			<b>1,426,766</b>	<b>1,426,766</b>
<b>Total Aging CLUSTER</b>			<b>10,692,572</b>	<b>9,259,615</b>
<b>CCDF CLUSTER</b>				
Child Care and Development Block Grant	93.575	2001NVCCDF	12,932,939	9,181,364
Child Care and Development Block Grant	93.575	G1801NVCCDF 2018G996005	156,331	156,331
Child Care and Development Block Grant	93.575	G1901NVCCDD 2019G996005	35,908,035	33,514,287
COVID-19 Child Care and Development Block Grant	93.575	2001NVCCC3	2,620,033	2,620,033
			<b>51,617,338</b>	<b>45,472,015</b>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G1901NVCCDF 2019G999004	2,580,422	2,580,422
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G1901NVCCDM 2019G999005	16,015,002	16,013,278
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G2001NVCCDM 2020G999005	13,094,507	13,094,507
			<b>31,689,931</b>	<b>31,688,207</b>
<b>Total CCDF CLUSTER</b>			<b>83,307,269</b>	<b>77,160,222</b>
<b>Head Start CLUSTER</b>				
Head Start	93.600	09CD4012-04-00	52,431	-
Head Start	93.600	09CD4012-05	66,541	-
			<b>118,972</b>	<b>-</b>
<b>Total Head Start CLUSTER</b>			<b>118,972</b>	<b>-</b>



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<b>Medicaid CLUSTER</b>				
State Medicaid Fraud Control Units	93.775	1901NV5050	537,437	-
State Medicaid Fraud Control Units	93.775	2001NV5050	1,392,645	-
			<b>1,930,082</b>	<b>-</b>
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	1805NV5000	138,357	-
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	1905NV5000	480,917	38,588
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	1905NV5002	31,941	-
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	2005NV5000	1,698,769	67,528
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	2005NV5002	87,826	-
			<b>2,437,810</b>	<b>106,116</b>
Medical Assistance Program	93.778	1905NV5ADM	7,695,075	-
Medical Assistance Program	93.778	1905NVIMPL	398,590	-
Medical Assistance Program	93.778	2005NV5ADM	100,227,077	-
Medical Assistance Program	93.778	2005NV5MAP	3,054,549,958	-
Medical Assistance Program	93.778	2005NVIMPL	1,547,257	-
Medical Assistance Program	93.778	2005NVINCT	847,167	-
			<b>3,165,265,124</b>	<b>-</b>
<b>Total Medicaid CLUSTER</b>			<b>3,169,633,016</b>	<b>106,116</b>
Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	1901NVOAEA	11,631	-
Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	2001NVOAEA	12,718	-
			<b>24,349</b>	<b>-</b>
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	18AANVT7OM	24,700	24,700
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	1901NVOAOM	75,683	-
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	2001NVOAOM	51,461	-
			<b>151,844</b>	<b>24,700</b>
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	18AANVT3PH	136,752	136,752
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	1901NVOAPH	83,761	83,761
			<b>220,513</b>	<b>220,513</b>

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Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048	90MPPG0047-02	203,665	-
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048	90MPPG0047-03	15,035	-
			<b>218,700</b>	<b>-</b>
National Family Caregiver Support, Title III, Part E	93.052	18AANVT3FC	383,268	381,998
National Family Caregiver Support, Title III, Part E	93.052	1901NVOAFC	1,000,321	1,000,321
			<b>1,383,589</b>	<b>1,382,319</b>
Public Health Emergency Preparedness	93.069	1 NU90TP921907-01	229,274	229,274
Public Health Emergency Preparedness	93.069	1 NU90TP922047-01	4,403,164	2,682,984
Public Health Emergency Preparedness	93.069	6 NU90TP921907-01-04	1,467,927	1,416,015
			<b>6,100,365</b>	<b>4,328,273</b>
Medicare Enrollment Assistance Program	93.071	1801NVMIAA	13,699	-
Medicare Enrollment Assistance Program	93.071	1801NVMIAA-01	37,441	-
Medicare Enrollment Assistance Program	93.071	1801NVMIDR	35,594	-
Medicare Enrollment Assistance Program	93.071	1801NVMIDR-01	4,493	-
Medicare Enrollment Assistance Program	93.071	1801NVMISH	36,389	15,995
Medicare Enrollment Assistance Program	93.071	1801NVMISH-01	42,882	28,756
			<b>170,498</b>	<b>44,751</b>
Lifespan Respite Care Program	93.072	90LRLI0008-02	62,266	33,490
Lifespan Respite Care Program	93.072	90LRLI0008-03	194,204	16,280
			<b>256,470</b>	<b>49,770</b>
Guardianship Assistance	93.090	G-1901NVGARD	390,939	385,472
Guardianship Assistance	93.090	G-2001NVGARD	212,379	196,915
			<b>603,318</b>	<b>582,387</b>
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	1701NVPREP	126,229	98,225
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	1801NVPREP	185,334	130,786
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	1901NVPREP	1,839	1,611
			<b>313,402</b>	<b>230,622</b>
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	5U79SM062474-04	859,854	-
Maternal and Child Health Federal Consolidated Programs	93.110	5 H18MC00032-26-00	14,312	-
Maternal and Child Health Federal Consolidated Programs	93.110	5 U4CMC32318-02-00	267,337	-
Maternal and Child Health Federal Consolidated Programs	93.110	H18MC00032-27	54,818	-

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Maternal and Child Health Federal Consolidated Programs	93.110	U4CMC32318	102,127	-
			<b>438,594</b>	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	1 NU52PS910224	246,090	142,995
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	5 NU52PS004681-05-00	433,118	357,443
			<b>679,208</b>	<b>500,438</b>
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	1 NU65PS923716-01-00	75,058	75,058
Emergency Medical Services for Children	93.127	5 H33MC06694-14-00	76,001	-
Emergency Medical Services for Children	93.127	5 H33MC06694-15-00	18,176	-
			<b>94,177</b>	-
Projects for Assistance in Transition from Homelessness (PATH)	93.150	2X06SM016029-18	268,341	256,002
Projects for Assistance in Transition from Homelessness (PATH)	93.150	5X06SM016029-19	404,621	339,829
			<b>672,962</b>	<b>595,831</b>
Family Planning_Services	93.217	1 FHPA006447-01-00	164,231	-
Family Planning_Services	93.217	5 FHPA006447-02-00	36,692	-
			<b>200,923</b>	-
Affordable Care Act (ACA) Abstinence Education Program	93.235	1801NVSRAE	230,553	142,393
Affordable Care Act (ACA) Abstinence Education Program	93.235	1901NVSRAE	260,886	181,048
			<b>491,439</b>	<b>323,441</b>
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	1H79SM082235-01	504,485	-
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	1H79SP080994-01	1,679,608	1,550,767
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	5H79SM062101	808,128	505,447
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	5H79SM063346-03	299,269	225,919
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	5H79SP080994-02	852,886	735,677
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	6H79SM063346-02	381,119	278,997
			<b>4,525,495</b>	<b>3,296,807</b>
Early Hearing Detection And Intervention	93.251	2 H61MC25010-09-00	37,785	-
Early Hearing Detection And Intervention	93.251	5 H61MC25010-08	187,290	65,367
			<b>225,075</b>	<b>65,367</b>
Immunization Grants	93.268	1 NH23IP922609-01-00	3,428,847	1,314,394
Immunization Grants	93.268	6 NH23IP000727-05-03	274,155	274,155

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Immunization Grants	93.268	DIRECT ASSISTANCE	36,357,581	-
			<b>40,060,583</b>	<b>1,588,549</b>
Adult Viral Hepatitis Prevention and Control	93.270	5 NU51PS005120-03	100,010	59,334
Adult Viral Hepatitis Prevention and Control	93.270	5 NU51PS005120-04	65,180	25,955
			<b>165,190</b>	<b>85,289</b>
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	5 NU50OE000097-04-00	73,634	6,658
National State Based Tobacco Control Programs	93.305	5 NU58DP006009-05	684,330	377,685
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	5 NUR3DD000086-03	145,330	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	1 NU50CK000560-01	1,325,851	425,971
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	6 NU50CK000419-04-03	136,171	136,171
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	6 NU50CK000419-05-01	234,705	207,370
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	6 NU50CK000560-01-05	273,129	161,147
			<b>1,969,856</b>	<b>930,659</b>
State Health Insurance Assistance Program	93.324	90SAPG0046-03	251,492	-
State Health Insurance Assistance Program	93.324	90SAPG0066	63,654	-
			<b>315,146</b>	<b>-</b>
Behavioral Risk Factor Surveillance System	93.336	6 NU58DP006028-05-00	185,663	-
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	1 NU90TP921972-01-00	1,063,148	546,452
COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	1 NU90TP922107-01	545,937	53,768
			<b>1,609,085</b>	<b>600,220</b>
Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs	93.367	5U18FD006396-02	132,566	-
Independent Living State Grants	93.369	1801NVILSG	60,192	23,108
Independent Living State Grants	93.369	1901NVILSG	144,623	56,378
Independent Living State Grants	93.369	2001NVILSG	33,849	-
			<b>238,664</b>	<b>79,486</b>

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National and State Tobacco Control Program	93.387	1 NU58DP006783-01	1,768	-
The State Flexibility to Stabilize the Market Grant Program	93.413	PRPPR180130-01-00	96,105	-
Improving the Health of Americans through Prevention & Management of Diabetes & Heart Disease & Stroke	93.426	1 NU58DP006538-01-00	680,994	680,994
Improving the Health of Americans through Prevention & Management of Diabetes & Heart Disease & Stroke	93.426	5 NU58DP006538-02-00	1,190,836	835,785
Improving the Health of Americans through Prevention & Management of Diabetes & Heart Disease & Stroke	93.426	5 NU58DP006538-03-00	1,128	-
			<b>1,872,958</b>	<b>1,516,779</b>
Every Student Succeeds Act/Preschool Development Grants	93.434	90TP0025-01-00	403,227	-
Innovative State and Local Public Health Strategies to Prevent and Manage Diabetes and Heart Disease and Stroke-	93.435	1 NU58DP006624-01-00	438,369	358,011
Innovative State and Local Public Health Strategies to Prevent and Manage Diabetes and Heart Disease and Stroke-	93.435	5 NU58DP006624-02-00	286,882	188,904
			<b>725,251</b>	<b>546,915</b>
State Grant for Assistive Tech	93.464	1801NVSGAT	246,855	222,132
State Grant for Assistive Tech	93.464	1901NVATSG	85,677	80,347
State Grant for Assistive Tech	93.464	2001NVATSG	30,700	-
			<b>363,232</b>	<b>302,479</b>
Building and Strengthening Epidemiology, Laboratory and Health Information Systems	93.521	5 NU50CK000419-04-00	246,855	222,132
Building and Strengthening Epidemiology, Laboratory and Health Information Systems	93.521	6 NU50CK000419-03-01	85,677	80,347
Building and Strengthening Epidemiology, Laboratory and Health Information Systems	93.521	5U50CK000419-02	22,009	22,009
			<b>354,541</b>	<b>324,488</b>
Promoting Safe and Stable Families	93.556	G-1801NVFPCV	123,909	114,442
Promoting Safe and Stable Families	93.556	G-1801NVFPSS	761,938	612,304
Promoting Safe and Stable Families	93.556	G-1801NVPKIN	152,933	112,533
Promoting Safe and Stable Families	93.556	G-1901NVFPSS	1,651,952	1,369,215
Promoting Safe and Stable Families	93.556	G-1901NVPKIN	172,102	140,102
			<b>2,862,834</b>	<b>2,348,596</b>
Temporary Assistance for Needy Families	93.558	1801NVTANF 2018G996115	4,888,118	1,372,693
Temporary Assistance for Needy Families	93.558	1901NVTANF 2019G996115	32,919,482	2,685,513
Temporary Assistance for Needy Families	93.558	2001NVTANF 2020G996115	4,717,634	3,225,560
			<b>42,525,234</b>	<b>7,283,766</b>

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Child Support Enforcement	93.563	1404NV4005 2016G9916CJ	230,657	230,657
Child Support Enforcement	93.563	2001NVCSES 2019G9919CS	29,229,881	11,198,514
Child Support Enforcement	93.563	2017G9917CJ CSE1504NVCSES	2,312,044	1,612,357
Child Support Enforcement	93.563	CSES19 1901NVCSES 2019G9919CS	12,244,043	9,649,995
Child Support Enforcement	93.563	PROGRAM INCOME	6,779,991	5,735,851
			<b>50,796,616</b>	<b>28,427,374</b>
Low-Income Home Energy Assistance	93.568	2020G992201	10,818,339	192,502
Low-Income Home Energy Assistance	93.568	G-1901NVLIE4 19G992628	3,451	-
Low-Income Home Energy Assistance	93.568	G-1901NVLIEA 2019G992201	4,819,926	526,734
COVID-19 Low-Income Home Energy Assistance	93.568	2001NVE5C3	3,039,410	-
			<b>18,681,126</b>	<b>719,236</b>
Community Services Block Grant	93.569	G-18B1NVCOSR	889,605	867,315
Community Services Block Grant	93.569	G-1901NVCOSR	1,421,929	1,407,380
Community Services Block Grant	93.569	G-2001NVCOSR	2,160,124	2,048,686
COVID-19 Community Services Block Grant	93.569	2001NVCSC3	30,413	30,413
			<b>4,502,071</b>	<b>4,353,794</b>
State Court Improvement Program	93.586	G-1801NVSCID	60,175	-
State Court Improvement Program	93.586	G-1801NVSCIP	59,854	-
State Court Improvement Program	93.586	G-1801NVSCIT	56,726	-
State Court Improvement Program	93.586	G-1901NVSCID	62,899	-
State Court Improvement Program	93.586	G-1901NVSCIP	90,536	-
State Court Improvement Program	93.586	G-1901NVSCIT	62,634	-
			<b>392,824</b>	<b>-</b>
Community-Based Child Abuse Prevention Grants	93.590	G-1801NVBCAP	157,505	129,768
Community-Based Child Abuse Prevention Grants	93.590	G-1901NVBCAP	95,221	64,162
			<b>252,726</b>	<b>193,930</b>
Grants to States for Access and Visitation Programs	93.597	1801NVS AVP 2018G9918AV	14,421	-
Grants to States for Access and Visitation Programs	93.597	1901NVS AVP 2019G9919AV	23,866	-
			<b>38,287</b>	<b>-</b>
Chafee Education and Training Vouchers Program (ETV)	93.599	G-1801NVCETV	160,630	160,630
Chafee Education and Training Vouchers Program (ETV)	93.599	G-1901NVCETV	204,224	204,224
			<b>364,854</b>	<b>364,854</b>
Adoption Incentive Payments	93.603	1801NVAIPP	78,469	56,940
Adoption Incentive Payments	93.603	G-1601NVAIPP	3,546	-

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Adoption Incentive Payments	93.603	G-1701NVAIPP	634,819	577,324
			<b>716,834</b>	<b>634,264</b>
Developmental Disabilities Basic Support and Advocacy Grants	93.630	1801NVBSDD	162,360	65,219
Developmental Disabilities Basic Support and Advocacy Grants	93.630	1901NVSCDD	336,384	83,615
			<b>498,744</b>	<b>148,834</b>
Children's Justice Grants to States	93.643	G-1701NVCJA1	37,922	779
Children's Justice Grants to States	93.643	G-1801NVCJA1	32,744	32,744
			<b>70,666</b>	<b>33,523</b>
Child Welfare Services_State Grants	93.645	G-1801NVCWSS	1,170,214	726,214
Child Welfare Services_State Grants	93.645	G-1901NVCWSS	1,705,300	405,797
COVID-19 Child Welfare Services_State Grants	93.645	G-2001NVCWC3	28,642	-
			<b>2,904,156</b>	<b>1,132,011</b>
Foster Care_Title IV-E	93.658	G-1801NVFOST	9,607	9,607
Foster Care_Title IV-E	93.658	G-1901NVFOST	14,971,984	14,054,082
Foster Care_Title IV-E	93.658	G-2001NVFOST	26,340,120	20,910,716
			<b>41,321,711</b>	<b>34,974,405</b>
Adoption Assistance	93.659	G-1901NVADPT	13,941,943	13,279,246
Adoption Assistance	93.659	G-2001NVADPT	23,652,686	20,179,800
			<b>37,594,629</b>	<b>33,459,046</b>
Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment (SUPPORT) for Patients and Communities Act	93.664	2C2CMS331738-01-00	282,362	-
COVID-19 Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665	6H79FG000283-01	109,702	109,702
Social Services Block Grant	93.667	G-1901NVSOSR	5,231,939	3,230,348
Social Services Block Grant	93.667	G-2001NVSOSR	6,976,740	1,720,387
			<b>12,208,679</b>	<b>4,950,735</b>
Child Abuse and Neglect State Grants	93.669	G-1601NVCA01	17,390	-
Child Abuse and Neglect State Grants	93.669	G-1701NVCA01	88,681	46,530
Child Abuse and Neglect State Grants	93.669	G-1801NVNCAN	248,907	-
			<b>354,978</b>	<b>46,530</b>
Family Violence Prevention and Services/Grants for Battered Women's Shelters_Grants to States and Indian Tribes	93.671	1801NVFVPS	398,957	382,654
Family Violence Prevention and Services/Grants for Battered Women's Shelters_Grants to States and Indian Tribes	93.671	G-1901NVFVPS	934,229	858,319
			<b>1,333,186</b>	<b>1,240,973</b>

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
John H. Chafee Foster Care Program For Successful Transition To Adulthood	93.674	G-1801NVCILP	222,935	215,553
John H. Chafee Foster Care Program For Successful Transition To Adulthood	93.674	G-1901NVCILP	786,764	764,550
			<b>1,009,699</b>	<b>980,103</b>
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	159,280	152,279
Elder Abuse Prevention Interventions Program	93.747	90EJSG0033-01	168,249	122,440
Elder Abuse Prevention Interventions Program	93.747	90EJSG0033-02	239,778	8,057
			<b>408,027</b>	<b>130,497</b>
Alzheimer's Disease Initiative	93.763	90ALGG0011-01	380,935	353,188
Children's Health Insurance Program	93.767	1905NV5021	435,801	-
Children's Health Insurance Program	93.767	2005NV5021	64,623,336	-
			<b>65,059,137</b>	<b>-</b>
Opioid STR	93.788	1H79TI081732-01	1,021,513	858,168
Opioid STR	93.788	3H79TI081732-01S1	218,170	-
Opioid STR	93.788	5H79TI080265-02	2,629,420	1,385,268
Opioid STR	93.788	5H79TI081732-02	2,524,677	1,999,716
			<b>6,393,780</b>	<b>4,243,152</b>
Money Follows the Person Rebalancing Demonstration	93.791	1LICMS330822-01-02	1,239,087	-
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796	2005NV5001	1,537,149	-
Organized Approaches to Increase Colorectal Cancer Screening	93.800	5 NU58DP006090-04-00	187,725	187,725
Organized Approaches to Increase Colorectal Cancer Screening	93.800	6 NU58DP006090-05-00	915,543	572,626
			<b>1,103,268</b>	<b>760,351</b>
Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.815	6 NU50CK000419-03-02	66,161	66,161
Ebola Preparedness & Response	93.817	U3REP150510-01-01	272,843	272,725
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	1 X10MC33594-01	1,293,450	985,886
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	X10MC31155	25,114	-
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	X10MC32205-01	859,531	611,742
			<b>2,178,095</b>	<b>1,597,628</b>
National Bioterrorism Hospital Preparedness Program	93.889	1 NU90TP921907-01	20,156	20,156
National Bioterrorism Hospital Preparedness Program	93.889	1 U3REP190613-01	1,482,058	1,036,845



**STATE OF NEVADA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
National Bioterrorism Hospital Preparedness Program	93.889	6 NU90TP921907-01-04	731,662	730,287
COVID-19 National Bioterrorism Hospital Preparedness Program	93.889	6 U3REP190613-01V	5,147	-
			<b>2,239,023</b>	<b>1,787,288</b>
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	5 NU58DP006306-02-00	731,662	730,287
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	6 NU58DP006306-03-00	731,662	730,287
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	6 NU58DP006306-04-00	3,302	-
			<b>1,466,626</b>	<b>1,460,574</b>
HIV Care Formula Grants	93.917	5 X07HA00001-30-00	3,189,752	-
HIV Care Formula Grants	93.917	6 X07HA00001-29-01	8,606,657	3,677,461
			<b>11,796,409</b>	<b>3,677,461</b>
HIV Prevention Activities_Health Department Based	93.940	5 NU62PS924579-02-00	2,076,977	1,625,265
HIV Prevention Activities_Health Department Based	93.940	5 NU62PS924579-03-00	940,484	645,157
			<b>3,017,461</b>	<b>2,270,422</b>
Cooperative Agreements To Support State-Based Safe Motherhood And Infant Health Initiative Programs	93.946	5 U01DP006241-04-00	156,349	108,901
Cooperative Agreements To Support State-Based Safe Motherhood And Infant Health Initiative Programs	93.946	5 U01DP006241-05-00	10,853	-
			<b>167,202</b>	<b>108,901</b>
Block Grants for Community Mental Health Services	93.958	3B09SM010039-18S4	2,429,402	1,674,527
Block Grants for Community Mental Health Services	93.958	3B09SM010039-19	3,790,708	1,519,045
			<b>6,220,110</b>	<b>3,193,572</b>
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2B08TI010039-18	6,703,563	6,019,336
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2B08TI010039-19	9,962,787	7,638,003
			<b>16,666,350</b>	<b>13,657,339</b>
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	1 NH25PS005179-01-00	657,307	566,064
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	5 NH25PS005179-02-00	283,682	232,991
			<b>940,989</b>	<b>799,055</b>
Preventive Health and Health Services Block Grant	93.991	1 NB01OT009235-01-00	259,429	150,187
Preventive Health and Health Services Block Grant	93.991	1 NB01OT009309-01	374,222	77,670
			<b>633,651</b>	<b>227,857</b>

**STATE OF NEVADA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Maternal and Child Health Services Block Grant to the States	93.994	6 B04MC31501-01	862,080	554,938
Maternal and Child Health Services Block Grant to the States	93.994	6 B04MC32556-01	1,208,860	351,491
			<b>2,070,940</b>	<b>906,429</b>
Assisted Outpatient Treatment	93.997	3H79SM063542-03S1	58,331	-
Assisted Outpatient Treatment	93.997	5H79SM063542-03	10,453	-
Assisted Outpatient Treatment	93.997	6H79SM063542-04M002	118,501	-
			<b>187,285</b>	<b>-</b>
<b>Total Department of Health and Human Services</b>			<b>3,673,880,517</b>	<b>261,671,992</b>
<b>Social Security Administration</b>				
<b>Disability Insurance/SSI CLUSTER</b>				
Social Security_Disability Insurance	96.001	04-1604NVDI00	50	-
Social Security_Disability Insurance	96.001	04-1704NVDI00	2,735	-
Social Security_Disability Insurance	96.001	04-1804NVDI00	16,254	-
Social Security_Disability Insurance	96.001	1904NVD100	4,351,200	-
Social Security_Disability Insurance	96.001	2004NVD100	11,013,982	-
			<b>15,384,221</b>	<b>-</b>
<b>Total Disability Insurance/SSI CLUSTER</b>			<b>15,384,221</b>	<b>-</b>
<b>Total Social Security Administration</b>			<b>15,384,221</b>	<b>-</b>
<b>Department of Homeland Security</b>				
Urban Area Security Initiative Non-Profit	97.008	EMW-2018-UA-00039	3,915	3,915
Boating Safety Financial Assistance	97.012	3320FAS200132	940,369	-
Community Assistance Program_State Support Services Element (CAP-SSSE)	97.023	EMF-2018-CA-00021	142,645	-
Community Assistance Program_State Support Services Element (CAP-SSSE)	97.023	EMF-2019-CA-00003	26,684	-
			<b>169,329</b>	<b>-</b>
COVID-19 Crisis Counseling	97.032	FEMA-4523-DR-NV	143,200	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-09-NV-4202	196	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-09-NV-4303	1,813,684	1,722,835
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-09-NV-4307	2,365,283	2,279,473
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-3443-EM-NV	5,051,155	-
			<b>9,230,318</b>	<b>4,002,308</b>

**STATE OF NEVADA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Hazard Mitigation Grant	97.039	FEMA-4202-DR-NV	280	-
Hazard Mitigation Grant	97.039	FEMA-4303-DR-NV	3,160	641
Hazard Mitigation Grant	97.039	FEMA-4307-DR-NV	24,123	19,797
Hazard Mitigation Grant	97.039	FM-5154-NV	43,760	-
			<b>71,323</b>	<b>20,438</b>
National Dam Safety Program	97.041	EMF-2018-GR-00003	36,633	-
National Dam Safety Program	97.041	EMF-2019-GR-00003	23,796	-
			<b>60,429</b>	<b>-</b>
Emergency Management Performance Grants	97.042	EMF-2017-EP-00001-S01	98,004	34,997
Emergency Management Performance Grants	97.042	EMF-2018-EP-00010	2,112,139	320,833
Emergency Management Performance Grants	97.042	EMF-2019-EP-00009	1,833,589	1,553,061
COVID-19 Emergency Management Performance Grants	97.042	EMF-2020-EP-00017-S01	2,000	-
			<b>4,045,732</b>	<b>1,908,891</b>
Cooperating Technical Partners	97.045	EMF-2016-CA-00004-S01	9,973	-
Cooperating Technical Partners	97.045	EMF-2018-CA-00009	47,194	-
Cooperating Technical Partners	97.045	EMF-2019-CA-00005	106,909	-
			<b>164,076</b>	<b>-</b>
Pre-Disaster Mitigation	97.047	EMF-2015-PC-0001	99,920	-
Pre-Disaster Mitigation	97.047	EMF-2017-PC-0009	25,049	17,076
Pre-Disaster Mitigation	97.047	EMF-2018-PC-0007	17,013	16,720
Pre-Disaster Mitigation	97.047	EMF-2019-PC-0007	3,651	-
			<b>145,633</b>	<b>33,796</b>
Homeland Security Grant Program	97.067	EMW-2016-SS-00120-S01	709,087	559,474
Homeland Security Grant Program	97.067	EMW-2017-SS-00006-S01	1,432,667	875,111
Homeland Security Grant Program	97.067	EMW-2018-SS-00066	3,954,146	2,778,199
Homeland Security Grant Program	97.067	EMW-2019-SS-00061-S01	719,820	569,448
			<b>6,815,720</b>	<b>4,782,232</b>
Homeland Security Biowatch Program	97.091	13OHBIO00025-06-00	575,849	575,849
Homeland Security Biowatch Program	97.091	13OHBIO00025-07-00	1,010,381	1,000,597
Homeland Security Biowatch Program	97.091	13OHBIO00025-08-00	1,972	-
			<b>1,588,202</b>	<b>1,576,446</b>
<b>Total Department of Homeland Security</b>			<b>23,378,246</b>	<b>12,328,026</b>
<b>Total Federal Financial Assistance</b>			<b>\$ 11,139,142,445</b>	<b>\$ 851,461,977</b>

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

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the State of Nevada (the State) under programs of the federal government for the year ended June 30, 2020. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the State, it is not intended to and does not present the net position, fund balance, or cash flows of the State.

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

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

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

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

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

- National School Lunch Program (10.555)
- Commodity Supplemental Food Program (10.565)
- Child and Adult Care Food Program (10.558)
- Summer Food Service Program for Children (10.559)
- Food Distribution Program on Indian Reservations (10.567)
- Nutrition Services Incentive Program (93.053)

**Note 2 - Unemployment Insurance Program (17.225)**

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

State Benefits	\$ 1,620,590,334
Federal Benefits	3,853,503,536
Federal Funds - Grants	35,375,030
Total Reported	\$ 5,509,468,900

**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 \$23,422,077.

**Note 4 - Donated Personal Protective Equipment (PPE) (unaudited)**

The State of Nevada received nonmonetary assistance of PPE during the emergency period of the COVID-19 pandemic, but was unable to determine the estimated fair market value. The donated PPE was generally provided by donors without information about compliance of reporting requirements associated with federal financial assisting listings or CFDA numbers. The donated PPE is not included in the schedule of expenditures of federal awards.

**Note 5 - Identification of COVID-19 Related Awards**

To maximize the transparency of COVID-19 related award expenditures, the State has separately identified COVID-19 expenditures in the Schedule with the prefix "COVID-19" in the program name when a new grant award was received for a COVID-19 related grant or program. In addition, in some cases, the State received increased federal participation rates, which increased the amount of federal expenditures of a given grant or program in relation to the State's own local expenditures. The most significant increase in federal participation rate is the change in the Federal Medical Assistance Percentages (FMAP) which was increased by 6.2% under the Families First Coronavirus Response Act (FFCRA) beginning in January 1, 2020. Increased federal participation rates were not separately identified in the Schedule as they related to the same pre-existing grant or program.

**A. Summary of Auditor's Results**

**FINANCIAL STATEMENTS**

Type of auditor's report issued:

Unmodified for all opinion units except for the following, which were qualified:

- Governmental Activities
- General Fund
- Highway Fund

Internal control over financial reporting:

Material weaknesses identified? Yes

Significant deficiencies identified not considered to be material weaknesses?

None reported

Noncompliance material to financial statements noted?

No

**FEDERAL AWARDS**

Internal control over major program:

Material weaknesses identified? Yes

Significant deficiencies identified not considered to be material weaknesses?

Yes

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

Unmodified for all major federal programs except for the following, which were qualified opinions:

- Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
- Unemployment Insurance
- Title I Grants to Local Educational Agencies
- Special Education Cluster
- Foster Care
- Medicaid Cluster

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

Yes

**Identification of major programs:**

<u>Name of Federal Program</u>	<u>CFDA Number</u>
U.S. Department of Agriculture:	
SNAP Cluster:	
Supplemental Nutrition Assistance Program (SNAP)	10.551
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557
U.S. Department of Justice:	
Crime Victim Assistance	16.575
U.S. Department of Labor:	
Unemployment Insurance	17.225
U.S. Department of Transportation:	
Highway Planning and Construction Cluster:	
Highway Planning and Construction	20.205
Recreational Trails Program	20.219
U.S. Department of Treasury:	
Coronavirus Relief Fund	21.019
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
U.S. Department of Health and Human Services:	
Temporary Assistance for Needy Families (TANF)	93.558
Child Support Enforcement	93.563
CCDF Cluster:	
Child Care and Development Block Grant	93.575
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596
Foster Care Title IV-E	93.658
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
Dollar threshold used to distinguish between type A and type B programs:	 \$30,000,000
Auditee qualified as low-risk auditee:	 No



**B. Findings – Financial Statement Audit**

**2020-001 Unemployment Fraudulent Benefit Payments  
Material Weakness**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Internal controls should be designed, implemented and maintained to ensure the reliability of financial reporting and to prevent and detect fraud. The Department of Employment, Training, and Rehabilitation (DETR) is primarily responsible for the implementation of these controls in relation to the Unemployment Compensation Enterprise Fund.

*Condition:* Fraudulent unemployment benefit payments were paid.

*Cause:* DETR did not have the staffing levels, information system data analytic controls, and manual internal controls in place to handle the significant surge in unemployment claims as a result of the COVID-19 pandemic and the new programs implemented by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

*Effect:* At this time, the ultimate effect and total fraudulent payments cannot be estimated. However, initial estimates made by management believe that at least \$310.4 million in potentially fraudulent payments were processed. Of this amount, \$87.4 million were recovered by DETR's third party processor. The ultimate recovery of fraudulent payments is unknown and the amount cannot be estimated due to the volume of cases, sophistication of the fraudsters, and resources available to investigate. However, the investigative and recovery efforts are ongoing.

*Recommendation:* We recommend DETR work with the federal agencies involved in the unemployment fraud task force to identify and attempt recovery of fraudulent payments.

In addition, we further recommend that DETR improve information system internal controls to enhance data analytics as well as manual internal controls to better detect and prevent fraud.

*Views of Responsible Officials:* Management agrees with this finding.



**2020-003      Cash – Monthly Bank Reconciliation  
Material Weakness**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly reconciling bank accounts in a timely and accurate manner is a key component of effective internal control over financial reporting.

*Condition:* The June 30, 2020 bank reconciliation for the outside bank accounts includes an unexplained variance of \$7,691,973 between the book balance and the bank balance.

*Cause:* Internal controls in place did not ensure bank reconciliation variances were researched and resolved in a timely manner.

*Effect:* The cash balance recorded in the State of Nevada’s general ledger may be incorrect.

*Recommendation:* We recommend the Controller’s Office enhance internal controls to ensure the bank reconciliation variances are researched and resolved in a timely manner.

*Views of Responsible Officials:* Management agrees with this finding.

**2020-004 Highway Fund – Inventory Balance, Accounts Receivable, Accounts Payable  
and Unavailable Revenue  
Material Weakness**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Proper recording of inventory, accounts receivable, accounts payable, and unavailable revenue are key components of effective internal control over financial reporting.

*Condition:* Physical inventory counts are performed during the months of April and May each year; however, there are no roll-forward procedures in place to determine what the year-end inventory balance should be as of June 30th. Inventory reports used to record the inventory balance stockpile by locations throughout the State of Nevada did not agree to the balance recorded by the Nevada Department of Transportation (NDOT). In addition, during our audit procedures the invoices provided to support inventory pricing significantly varied from the unit prices used in the inventory balance.

During our audit procedures, we became aware of an accounts payable transaction that was not recorded in the appropriate accounting period.

In addition, we became aware of accounts receivable and unavailable revenue transactions that were written off and improperly reflected in the accounts receivable and unavailable revenue balances.

*Cause:* The internal controls in place did not ensure that inventory was recorded accurately.

The internal controls in place did not ensure that payments made after year-end were recorded in the accounting period in which the services were provided.

In addition, the internal controls in place did not ensure that bad debt write-offs were accurately reflected in accounts receivable and unavailable revenue.

*Effect:* The effect cannot be quantified as there were insufficient records in place to reasonably estimate year-end inventory balance.

Accounts payable was understated by \$504,641. In addition, accounts receivable and unavailable revenue were overstated by \$1,771,505.

*Recommendation:* We recommend the State of Nevada enhance internal controls, policies, and procedures to provide for the appropriate observation, valuation, and recording of inventory and related expenditures.

We recommend the State of Nevada enhance internal controls over the recording of accounts receivable, accounts payable, and unavailable revenue.

*Views of Responsible Officials:* Management partially agrees with this finding.

**2020-005      General Fund – Federal Grant Revenue  
Material Weakness**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Proper recording of revenue is a key component of effective internal control over financial reporting.

*Condition:* During our audit procedures we became aware of federal revenue transactions that were not recorded accurately.

*Cause:* The internal controls in place did not ensure that Coronavirus Relief Funds (CRF) which are part of the CARES Act were properly tracked and accurately recorded. In addition, internal controls in place did not ensure the Supplemental Nutrition Assistance Program (SNAP) revenues were accurately recorded.

*Effect:* Revenue related to CRF was overstated by \$16,376,678. In addition, revenue related to SNAP was understated by \$7,927,177.

*Recommendation:* We recommend the State of Nevada enhance internal controls to ensure federal grant revenues are accurately recorded.

*Views of Responsible Officials:* Management agrees with this finding.

**2020-006**      **CIP - Infrastructure  
Material Weakness**

*Criteria:*                      Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Proper recording of CIP - infrastructure additions is a key component of effective internal control over financial reporting.

*Condition:*                     During our audit procedures we became aware of CIP - infrastructure transfers that were not recorded in the proper accounting period.

*Cause:*                            Internal controls in place did not ensure that CIP - infrastructure transfers in/out were accurately recorded in the proper accounting period.

*Effect:*                            CIP – Infrastructure was understated by \$16,160,342.

*Recommendation:*            We recommend the State of Nevada enhance internal controls to ensure CIP additions are properly recorded.

*Views of Responsible Officials:* Management agrees with this finding.

**2020-007      Non-Cash Inventory – Personal Protective Equipment (PPE)  
Material Weakness**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Accurate and timely recording of non-cash inventory is a key component of effective internal control over financial reporting.

*Condition:* During the height of the COVID-19 pandemic, the State of Nevada received non-cash donations of PPE from federal and private donors. The State of Nevada did not have internal controls in place to properly track, maintain, and record the quantity and value of the receipt or distribution of PPE.

*Cause:* Internal controls in place did not ensure that PPE provided by public and private donations were accurately tracked, maintained, and recorded.

*Effect:* The amount is unknown.

*Recommendation:* We recommend the State of Nevada enhance internal controls to ensure public and private donations are accurately recorded and that an inventory of PPE be performed as of June 30, 2021 and annually going forward as needed.

*Views of Responsible Officials:* Management partially agrees with this finding.

**2020-008        Participant Revenue and Benefit Payments**  
**Material Weakness**

- Criteria:*                      Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Accurate and timely recording of participant revenue and benefit payments are a key component of effective internal control over financial reporting.
- Condition:*                     The State of Nevada recorded internal transfers between investment funds in the College Savings Plan as participant revenue and benefit payments.
- Cause:*                           Internal controls in place did not ensure that participant revenue and benefit payments were presented accurately.
- Effect:*                            Participant revenue and benefit payments were overstated by \$9.9 billion.
- Recommendation:*            We recommend the State of Nevada enhance internal controls to ensure participant revenue and benefit payments are accurately presented on the financial statement.
- Views of Responsible Officials:* Management agrees with this finding.



**2020-009      Prior Period Adjustment of OPEB Implicit Subsidy  
Material Weakness**

*Criteria:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Proper reporting of the OPEB implicit subsidy is a key component of effective internal control over financial reporting.

*Condition:* A prior period adjustment of \$6,797,371 was required to correct the deferred outflow of resources - OPEB implicit subsidy which was understated in the fiscal year 2019 financial statements.

*Cause:* Internal controls in place did not ensure that the deferred outflow of resources – OPEB implicit subsidy was recorded accurately.

*Effect:* In fiscal year 2019, the deferred outflow of resources – OPEB implicit subsidy was understated by \$6,797,371.

*Recommendation:* We recommend the State of Nevada enhance internal controls to ensure actuarial calculations provided to the State of Nevada are reviewed and accurately recorded.

*Views of Responsible Officials:* Management agrees with this finding.

**C. Findings and Questioned Costs – Major Federal Award Programs**

**2020-010: U.S. Department of Agriculture  
SNAP Cluster:  
Supplemental Nutrition Assistance Program (SNAP), CFDA 10.551  
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program,  
CFDA 10.561**

**Subrecipient Monitoring  
Significant Deficiency in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under CFDA 10.561 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 every subaward includes certain information at the time of the subaward.

*Condition:* Subawards did not include certain information required by Uniform Guidance.

*Cause:* The Nevada Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure subawards contained all required information.

*Effect:* Subrecipients may not be aware of all requirements or terms and conditions.

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of four subawards from a population of 20 subawards was selected for testing. One subaward was missing information as to whether the award was research and development or not.

*Repeat Finding from Prior Year:* No

*Recommendation:* We recommend the Division enhance internal controls to ensure subawards contain all required information.

*Views of Responsible Officials:* The Nevada Division of Welfare and Supporting Services agrees with this finding.

**2020-011: U.S. Department of Agriculture**  
**SNAP Cluster:**  
**Supplemental Nutrition Assistance Program (SNAP), CFDA 10.551**  
**State Administrative Matching Grants for the Supplemental Nutrition Assistance Program,**  
**CFDA 10.561**

**Other**  
**Material Weakness in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under CFDA 10.551 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 Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure total federal expenditures were appropriately reported on the SEFA.

*Effect:* Prior to correction, the total federal expenditures on the SEFA were overstated by \$28,498,848.

*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 Welfare and Supportive Services agrees with this finding.

**2020-012: 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.

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 (2 CFR 200.214, 2 CFR Part 180).

*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 60 procurement transactions out of approximately 700 was selected for testing, including 14 contracts subject to Appendix II to Part 200. Eleven of the contracts were missing certain applicable provisions and no suspension and debarment verification procedures were performed for five of the parties that received disbursements.

*Repeat Finding from Prior Year:* Yes - prior year finding 2019-009.

*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.

**2020-013: 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.

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

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

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of 11 subrecipients out of 56 was selected for testing. Seven SARs were not filed timely, ranging from one to 128 days late. In addition, one SAR was reported in advance of the subaward being signed.

*Repeat Finding from Prior Year:* Yes – prior year finding 2019-012.

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

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

**2020-014: U.S. Department of Labor  
Unemployment Insurance, CFDA 17.225**

**Eligibility**

**Material Weakness in Internal Control over Compliance and Material Noncompliance**

*Grant Award Number:* Affects all grant awards included under CFDA 17.225 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 non-federal entities receiving federal awards to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

The Pandemic Unemployment Assistance (PUA) and Federal Pandemic Unemployment Compensation (FPUC) programs were created via the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Covered individuals under PUA were those who were not eligible for regular unemployment compensation and unemployed, partially unemployed, or unable or unavailable to work due to COVID-19. The eligibility criteria was based on self-certification; however, states may request supporting documentation if they have reasonable suspicions of fraud (Q23 of Attachment I to UIPL No 16-20, Change 2). FPUC was provided as supplemental benefits to PUA, regular UI, and other programs.

*Condition:* Payments were made to individuals who self-certified as eligible; however, supporting documentation was not requested or only requested after multiple benefit payments had already been made when there were indications to provide a reasonable suspicion of fraud.

*Cause:* The Nevada Department of Employment, Training, and Rehabilitation (the Department) did not have the staffing levels, information system data analytic controls or manual internal controls in place to respond to the significant surge of unemployment claims as a result of the COVID-19 pandemic. Claims were paid strictly based off claimant certifications.

*Effect:* Payments were made to ineligible claimants.

*Questioned Costs:* Known questioned costs of \$94,755, projected questioned costs are undeterminable.

<i>Context/Sampling:</i>	A nonstatistical sample of 60 PUA claimants out of approximately 1,000 was selected for testing. In our sample of 60, we noted 11 claimants who were either ineligible or had a high suspicion of fraud. Benefits paid through June 30, 2020 for these 11 claimants was \$94,755.
<i>Repeat Finding from Prior Year:</i>	No
<i>Recommendation:</i>	We recommend the Department work with the federal agencies involved in the unemployment fraud task force to identify and attempt recovery of fraudulent payments. In addition, we further recommend that the Department improve information system internal controls to enhance data analytics as well as manual internal controls to better detect and prevent fraud.
<i>Views of Responsible Officials:</i>	The Nevada Department of Employment, Training and Rehabilitation agrees with this finding.



**2020-015: U.S. Department of Labor  
Unemployment Insurance, CFDA 17.225**

**Reporting  
Material Weakness 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* requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by underlying accounting information and are presented in accordance with program requirements.

Quarterly, the Nevada Department of Employment, Training and Rehabilitation (the Department) must submit the *Quarterly Unemployment UI Above-Base Report (UI-3)* as directed by the *Employment & Training Administration Handbook*.

*Condition:* Amounts reported on the UI-3 were not supported by the underlying accounting information and therefore, were not reported in accordance with program requirements.

*Cause:* The Department did not have adequate internal controls to ensure the UI-3 was accurate.

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

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of two out of four quarterly reports was selected for testing. Section A, Line 6, was understated by 7.79 and 7.58 staff years for the current quarter worked and current quarter paid, respectively, for the March 31, 2020 UI-3 report. In addition, we were unable to verify the accuracy of the year to date paid column as it was reported less than the current quarter paid, without explanation as to why the year to date would be less than the quarter to date.

*Repeat Finding from Prior Year:* No

*Recommendation:* We recommend the Department enhance the internal controls to ensure the UI-3 is accurate.

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

**2020-016: U.S. Department of Labor  
Unemployment Insurance, CFDA 17.225**

**Special Tests and Provisions – UI Benefit Payments  
Material Weakness in Internal Control over Compliance and Material Noncompliance**

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

*Criteria:* State Workforce Agencies are required by 20 CFR section 602.11(d) to operate and maintain a quality control system. The Benefits Accuracy Measurement (BAM) program is the quality control system designed to assess the accuracy of UI benefit payments and denied claims. The State’s BAM unit is required to draw a weekly sample of payments and denied claims, complete prompt and in-depth investigations to determine the degree of accuracy in the administration of the program. The requirements are promulgated in the *ET Handbook No. 395* (Handbook).

The Handbook states that each case file must contain, at a minimum, a copy of all agency documents from the claimant’s original claim file in addition to any documents pertaining to the BAM investigation that were utilized. This includes documentation of the Occupational Code source and a copy of the Department Collection Instrument (DCI) report.

Additionally, the Handbook establishes time limits for completion of all cases for the year as follows:

Paid Claims

- A minimum of 70% of cases must be completed within 60 days of the week ending date of the batch
- A minimum of 95% of cases must be completed within 90 days of the week ending date of the batch

Denied Claims

- A minimum of 60% of cases must be completed within 60 days of the week ending date of the batch
- A minimum of 85% of cases must be completed within 90 days of the week ending date of the batch

*Condition:* BAM investigation files did not include all required documentation. In addition, the time limits for completion were not met.

*Cause:* The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have adequate internal controls to ensure timely BAM review completion and appropriate document retention.

<i>Effect:</i>	Payments made to ineligible individuals may not be identified.
<i>Questioned Costs:</i>	None
<i>Context/Sampling:</i>	<p>A nonstatistical sample of 60 completed BAM cases out of a population of 622 was selected for testing. For one case, the entire file was not located. For a second case, the file was missing the required claimant questionnaire.</p> <p>The Department completed 60.86% of paid claim reviews within 60 days and 66.00% of paid claim reviews within 90 days. The Department completed 66.67% of denied monetary claim reviews, 74.55% of denied separation claim reviews, and 71.82% of denied nonseparation claim reviews within 90 days.</p>
<i>Repeat Finding from Prior Year:</i>	No
<i>Recommendation:</i>	We recommend the Department enhance internal controls to ensure timely BAM review completion and appropriate document retention.
<i>Views of Responsible Officials:</i>	The Nevada Department of Employment, Training and Rehabilitation agrees with this finding.

**2020-017: U.S. Department of Labor  
Unemployment Insurance, CFDA 17.225**

**Special Tests and Provisions – UI Reemployment Programs: Worker Profiling and Reemployment Services (WPRS) and Reemployment Services and Eligibility Assessments (RESEA)  
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 *Unemployment Insurance Program Letter No. 07-19* requires the non-federal entity receive feedback that claimants reported as directed to program staff and participated in required RESEA activities.

In addition, prior to the submission of RESEA performance reports, the reports must be reviewed for accuracy by the UI staff member of the RESEA team, in addition to being reviewed by the RESEA program lead (if a different staff member).

Title 2 *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires non-federal entities receiving federal awards to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

*Condition:* One claimant file did not contain documentation or forms regarding case status, such as if the claimant attended an appointment with RESEA program staff. In addition, there were no written policies or procedures to provide for the review of the RESEA performance reports by required staff.

*Cause:* The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have adequate internal controls to ensure that all RESEA case notes were maintained in participant files and written policies and procedures to provide for the review of RESEA performance reports are not available.

*Effect:* RESEA program performance may not be properly measured due to inadequate case notes. Internal controls over RESEA performance reports may not be consistently applied.

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of 60 out of 7,299 participants was selected for testing. Feedback was not received for one participant. Available policies and procedures were reviewed, but internal controls regarding the RESEA performance report review were not included in the policies and procedures.

*Repeat Finding from Prior Year:* No.

*Recommendation:* We recommend the Department enhance the internal controls to ensure that all RESEA case notes are maintained in participant files and the written policies and procedures are updated to provide for the review of RESEA performance reports by required staff.

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

**2020-018: U.S. Department of the Treasury  
Coronavirus Relief Fund, CFDA 21.019**

**Other  
Material Weakness in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under CFDA 21.019 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 Governor’s Finance Office, Budget Division (the Division) and the Controller’s Office (Office) did not have adequate internal controls for communication of reconciling items to ensure total federal expenditures and payments to subrecipients were appropriately reported on the SEFA.

*Effect:* Prior to correction, the total federal expenditures and amounts passed through to subrecipients on the SEFA were overstated by \$11,637,020.

*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 and Office enhance internal controls for communication of reconciling items to ensure total federal expenditures and payments to subrecipients are appropriately reported on the SEFA.

*Views of Responsible Officials:* The Nevada Governor’s Finance Office, Budget Division and the Controller’s Office agree with this finding.

**2020-019: U.S. Department of Education  
Title I Grants to Local Educational Agencies, CFDA 84.010**

**Reporting  
Significant Deficiency in Internal Control over Compliance**

*Grant Award Number:* Potentially affects all grant awards included under CFDA 84.010 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.

Each year, a SEA must submit its average state per pupil expenditure (SPPE) data to the National Center for Education Statistics through allowable methods in 20 USC 7801.

*Condition:* Average daily attendance information on the *State Per Pupil Expenditure Report* was inaccurate.

*Cause:* The Nevada Department of Education (the Department) did not have adequate internal controls to ensure average daily attendance was accurate on the *State Per Pupil Expenditure Report*.

*Effect:* Inaccurate information was reported to the National Center for Education Statistics.

*Questioned Costs:* None

*Context/Sampling:* The *State Per Pupil Expenditure Report* is an annual report and the report submitted during the year (school year 2018-2019) was selected for testing. We noted average daily attendance was inaccurate for four school districts. The average state per pupil expenditures originally reported was \$9,217. After correcting the information for the four school districts, the average state per pupil expenditures was \$9,176.

*Repeat Finding from Prior Year:* No

*Recommendation:* We recommend the Department enhance internal controls to ensure average daily attendance is accurate on the *State Per Pupil Expenditure Report*.

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

**2020-020: U.S. Department of Education  
Title I Grants to Local Educational Agencies, CFDA 84.010**

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

*Grant Award Number:* Affects all grant awards included under CFDA 84.010 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 a subaward is executed when federal funding is passed through to a subrecipient and 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.

*Condition:*

- A. Funding was provided to a subrecipient without an executed subaward.
- B. An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed and/or not utilized to determine the monitoring plan. In addition, programmatic monitoring pursuant to subawards was not performed or not documented.

*Cause:* The Nevada Department of Education (the Department) and the Nevada State Public Charter School Authority (the Authority) 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 or the Authority.

*Questioned Costs:* Undetermined



*Context/Sampling:*

Testing was performed over each requirement for the Department and the Authority. The applicable populations were as follows:

34 subrecipients in total; 20 applicable to the Department and 14 applicable to the Authority.

- A. A nonstatistical sample of seven subawards (four for the Department and three for the Authority) was selected for testing. One Authority subrecipient received funds without an executed subaward.
  
- B. A nonstatistical sample of seven subrecipients (four for the Department and three for the Authority) was selected for testing. The Department monitored the four subrecipients selected but based on policies and procedures that did not include consideration of risk assessment (even though a risk assessment was performed). The Authority did not perform a risk-based risk assessment or document its monitoring of programmatic performance for the three subrecipients selected.

*Repeat Finding from  
Prior Year:*

Yes – prior year finding 2019-022.

*Recommendation:*

We recommend the Department and the Authority enhance internal controls to ensure compliance with subrecipient monitoring requirements.

*Views of Responsible  
Officials:*

The Nevada Department of Education and the Nevada State Public Charter School Authority agree with this finding.

**2020-021: U.S. Department of Education  
Title I Grants to Local Educational Agencies, CFDA 84.010**

**Special Tests and Provisions – Assessment System Security  
Material Weakness in Internal Control over Compliance and Material Noncompliance**

*Grant Award Number:* Affects all grant awards included under CFDA 84.010.

*Criteria:* The *OMB Compliance Supplement* requires state education agencies (SEAs), in consultation with local education agencies (LEAs), to establish and maintain an assessment system that is valid, reliable, and consistent with relevant professional and technical standards. Within their assessment systems, SEAs must have policies and procedures to maintain test security and ensure that LEAs implement those policies and procedures (20 USC 6311(b)(2)(B)(iii)).

The State of Nevada's *Assessment Security System Procedures* require that LEA's, including charter schools, submit *Test Security Plans* by September 1 of each year to the State Board of Education and the Legislative Committee on Education.

*Condition:* *Test Security Plans* were not reviewed to ensure implementation of an assessment system was appropriate.

*Cause:* The Nevada Department of Education (the Department) did not have internal controls to provide for the review of *Test Security Plans*.

*Effect:* The Department may not know if LEA's are compliant with the *Assessment Security System Procedures*.

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of ten *Test Security Plans* out of a population of 34 was selected for testing. The Department was unable to provide support for all ten that the plans had been reviewed to ensure implementation of an assessment system was appropriate.

*Repeat Finding from Prior Year:* Yes – prior year finding 2019-023.

*Recommendation:* We recommend the Department implement internal controls to provide for the review of *Test Security Plans*.

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

**2020-022: 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**

*Grant Award Number:* Affects all grant awards included under CFDA 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:

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:* An evaluation of each subrecipient’s risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed and/or not utilized to determine the monitoring plan. In addition, programmatic monitoring pursuant to subawards was not performed or not documented.

*Cause:* The Nevada Department of Education (the Department) and the Nevada State Public Charter School Authority (the Authority) 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 or the Authority.

*Questioned Costs:* Undetermined

*Context/Sampling:* Testing was performed over each requirement for the Department and the Authority. The applicable populations were as follows:

52 subrecipients in total; 24 applicable to the Department and 28 applicable to the Authority.

A nonstatistical sample of 11 subrecipients was selected for testing (six for the Department and five for the Authority). The Department monitored the six subrecipients selected but based on policies and procedures that did not include consideration of risk assessment (even though a risk assessment was performed). The Authority did not perform a risk assessment or document its monitoring of programmatic performance for the five subrecipients selected.

*Repeat Finding from  
Prior Year:*

Yes – prior year finding 2019-026.

*Recommendation:*

We recommend the Department and the Authority enhance internal controls to ensure compliance with subrecipient monitoring requirements.

*Views of Responsible  
Officials:*

The Nevada Department of Education and the Nevada State Public Charter School Authority agree with this finding.

**2020-023: U.S. Department of Agriculture**  
**SNAP Cluster:**  
**Supplemental Nutrition Assistance Program (SNAP), CFDA 10.551**  
**State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, CFDA 10.561**

**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**  
**Child Support Enforcement, CFDA 93.563**  
**Temporary Assistance for Needy Families, CFDA 93.558**  
**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**  
**Children’s Health Insurance Program (CHIP), CFDA 93.767**

**Allowable Costs/Cost Principles**  
**Significant Deficiency in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under CFDA 10.561, 93.575, 93.596, 93.563, 93.558, 93.778, and 93.767 on the Schedule of Expenditures of Federal Awards.

*Criteria:* Title 2 U.S. Code of Federal Regulations (CFR) Part 200, subpart E, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) provides that a State must claim federal financial participation for costs associated with a program only in accordance with its approved cost allocation plan. Since cost allocation plans are of a narrative nature, the federal government needs assurance that the cost allocation plan has been implemented as approved.

*Condition:* Allocation statistics used in cost allocation did not agree to the underlying support.

*Cause:* The Nevada Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure review of allocations was performed for accuracy.

*Effect:* Administrative costs claimed were inaccurate.

<i>Questioned Costs:</i>	Costs were overclaimed or (underclaimed) for each program as follows:  SNAP Cluster: (\$19,586) CCDF Cluster: \$2,141 Child Support Enforcement: \$2,579 TANF: \$15,964 Medicaid Cluster: (\$10,906) CHIP: (\$1,599)
<i>Context/Sampling:</i>	A nonstatistical sample of two out of four quarters was selected for testing. Allocations based on full-time equivalents (FTE's) were in error. If a position turned over during the year, the departing employee and the new hire were both counted, thus duplicating the FTE count. In addition, a time tracking statistic did not agree to the underlying support.
<i>Repeat Finding from Prior Year:</i>	Yes – prior year finding 2019-029.
<i>Recommendation:</i>	We recommend the Division enhance internal controls to ensure review of allocation statistics is performed for accuracy.
<i>Views of Responsible Officials:</i>	The Nevada Division of Welfare and Supportive Services agrees with this finding.

**2020-024: U.S. Department of Health and Human Services  
Temporary Assistance for Needy Families (TANF), CFDA 93.558**

**Reporting  
Material Weakness in Internal Control over Compliance**

*Grant Award Number:* Affects grant award *1801NVTANF2018G996115* included under CFDA 93.558 on the Schedule of Expenditures of Federal Awards.

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

The Nevada Division of Welfare and Supportive Services (the Division) is required to submit a quarterly *TANF Financial Report (ACF-196R)* based on actual recorded expenditures (45 CFR 265.3).

*Condition:* Amounts reported on the ACF-196R were not supported by the underlying accounting information.

*Cause:* The Division did not have adequate internal controls to ensure ACF-196R reports were accurate.

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

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of three ACF-196R reports out of eight was selected for testing.

The September 30, 2019 report for the *1801NVTANF2018G99115* grant award had the following variances:

- Line 6a was overstated by \$9,610
- Line 9a was understated by \$900
- Line 9b was overstated by \$900
- Line 9c was overstated by \$1,887,961
- Line 10 was understated by \$1,650,609
- Line 15 was understated by \$9,173
- Line 22a was understated by \$237,790

*Repeat Finding from  
Prior Year:* No

*Recommendation:* We recommend the Division enhance internal controls to ensure ACF-196R reports are accurate.

*Views of Responsible Officials:* The Nevada Division of Welfare and Supportive Services agrees with this finding.



**2020-025: U.S. Department of Health and Human Services  
Temporary Assistance for Needy Families (TANF), CFDA 93.558**

**Other  
Significant Deficiency 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 *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 Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure total payments to subrecipients were appropriately reported on the SEFA.

*Effect:* Prior to correction, amounts passed through to subrecipients on the SEFA were overstated by approximately \$1.3 million.

*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 payments to subrecipients are appropriately reported on the SEFA.

*Views of Responsible Officials:* The Nevada Division of Welfare and Supportive Services agrees with this finding.

**2020-026: 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**

**Special Tests and Provisions – Fraud Detection and Repayment**  
**Material Weakness in Internal Control over Compliance**

*Grant Award Number:* Affects all grant awards included under CFDA 93.575 and CFDA 93.596 on the Schedule of Expenditures of Federal Awards.

*Criteria:* Lead agencies shall recover child care payments that are the result of fraud. These payments shall be recovered from the party responsible for committing the fraud (45 CFR section 98.60).

The Nevada Division of Welfare and Supportive Services (the Division) has policies in place to identify, report, and recover payments resulting from fraud. As part of these policies, repayment agreements should be entered into within 60 days of the investigation being completed.

*Condition:* An investigation was completed and there was no documentation available for the determination of overpayment amount or repayment agreement.

*Cause:* The Division did not have adequate internal controls to ensure timely corrective action or retain appropriate documentation to conclude a case.

*Effect:* Fraudulent payments may not be recovered.

*Questioned Costs:* None

*Context/Sampling:* We selected a nonstatistical sample of two overpayment cases from a population of five. We noted that the amount of overpayment was not determined, and no repayment agreement had been entered into or other conclusion documented for one case that was completed in September 2019.

*Repeat Finding from Prior Year:* No

*Recommendation:* We recommend the Division enhance internal controls to ensure timely corrective action or retain appropriate documentation to conclude a case.

*Views of Responsible Officials:* The Nevada Division of Welfare and Supportive Services agrees with this finding.

**2020-027: 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  
Significant Deficiency 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 *U.S. Code of Federal Regulations* (CFR) Part 200, subpart E, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) provides that a State must claim federal financial participation for costs associated with a program only in accordance with its approved cost allocation plan. Since cost allocation plans are of a narrative nature, the Federal government needs assurance that the cost allocation plan has been implemented as approved.

*Condition:* Allocation methods used in cost allocation did not agree to the approved cost allocation plan.

*Cause:* The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls to ensure costs were allocated in accordance with the cost allocation plan.

*Effect:* Costs may be charged to the federal programs that do not agree to the cost allocation plan.

*Questioned Costs:* None.

*Context/Sampling:* A nonstatistical sample of two out of four quarters was selected for testing. Two allocation methods did not agree to the cost allocation plan for one quarter and one of those allocation methods did not agree in the subsequent quarter. However, the net result was an under-allocation of costs to Foster Care and Adoption Assistance.

*Repeat Finding from Prior Year:* Yes – prior year finding 2019-034.

*Recommendation:* We recommend the Division enhance internal controls to ensure costs are allocated in accordance with the cost allocation plan.

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

**2020-028: U.S. Department of Health and Human Services  
Foster Care – Title IV-E, CFDA 93.658**

**Reporting  
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 reports submitted to the federal awarding agency include all activity of the reporting period, are supported by underlying accounting information, and are presented in accordance with program requirements.

Quarterly, the Nevada Division of Child and Family Services (the Division) must submit the *Title IV-E Programs Quarterly Financial Report* (CB-496) as described in 45 CFR parts 1355 and 1356.

*Condition:* Amounts reported on the CB-496 were not supported by the underlying accounting information and therefore, were not reported in accordance with program requirements.

*Cause:* 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 variance was noted on the March 31, 2020 CB-496 report:

- Line 49a –Actual Count Current was overstated by 45 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.

**2020-029: U.S. Department of Health and Human Services  
Foster Care – Title IV-E, CFDA 93.658**

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

*Grant Award Number:* Affects all grant awards included under CFDA 93.658 on the Schedule of Expenditures of Federal Awards.

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

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

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:* An evaluation of each subrecipient’s risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed and monitoring procedures were not performed in accordance with established policies. In addition, procedures were not performed to review audit reports for audit findings and issue management decisions, as applicable.

*Cause:* The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls to ensure policies regarding subrecipient monitoring were followed.

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

*Questioned Costs:* Undetermined

*Context/Sampling:* The entire population of two subrecipients was tested. The risk assessment and monitoring activities were not completed for one of the two subrecipients. In addition, a management decision was required for one subrecipient and was not issued.

*Repeat Finding from Prior Year:* No.

*Recommendation:* We recommend the Division implement internal controls to ensure policies regarding subrecipient monitoring are followed.

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

**2020-030: U.S. Department of Health and Human Services  
Children's Health Insurance Program (CHIP), CFDA 93.767**

**Eligibility  
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:* States are required to determine eligibility in accordance with the eligibility requirements defined in the approved State plan (42 CFR 457). The State plan describes certain aid categories, including the eligibility criteria and potential benefits allowed under the aid categories for eligible individuals.

*Condition:* Individuals were deemed eligible but were placed in an incorrect aid category.

*Cause:* The Nevada Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure aid categories were accurate.

*Effect:* Individuals may receive benefits that they are not entitled to or not receive benefits for which they are entitled to.

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of 60 out of approximately 8,300 total eligibility determinations was selected for testing. Four individuals had the incorrect aid code classified.

*Repeat Finding from Prior Year:* No

*Recommendation:* We recommend the Division enhance internal controls to ensure that aid categories are accurate.

*Views of Responsible Officials:* The Nevada Division of Welfare and Supportive Services agrees with this finding.

**2020-031: 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.

The Nevada Division of Health Care Financing and Policy (the Division) is required to submit *Quarterly Children’s Health Insurance Program Statement Expenditures for Title XXI (CMS-21)* reports based on actual recorded expenditures (Sections 2105(e) and 2107(b)(1) of Title XXI).

*Condition:* Amounts reported on the CMS-21 were not supported by the underlying accounting information.

*Cause:* The Division did not have adequate internal controls to ensure CMS-21 reports were accurate.

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

*Questioned Costs:* None

*Context/Sampling:* A nonstatistical sample of two CMS-21 reports out of four was selected for testing.

The March 31, 2020 CMS-21 report had the following variances (Total Computable Column).

- Line 2 was overstated by \$450
- Line 8 was overstated by \$107,436
- Line 9 was overstated by \$700,000

*Repeat Finding from Prior Year:* Yes – prior year finding 2019-038.

*Recommendation:* We recommend the Division enhance internal controls to ensure CMS-21 reports are accurate.



*Views of Responsible  
Officials:*

The Nevada Division of Health Care Financing and Policy agrees with this finding.

**2020-032: 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**  
**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:* States are required to determine eligibility in accordance with the eligibility requirements defined in the approved State plan (42 CFR 435). The State plan describes certain aid categories, including the eligibility criteria and potential benefits allowed under the aid categories for individuals whose eligibility determination is based on factors other than Modified Adjusted Gross Income, i.e. Aged, Blind and Disabled (MAABD).

*Condition:* Individuals were deemed eligible but were placed in an incorrect aid category or did not have documentation to support the eligibility determination.

*Cause:* The Nevada Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure aid categories were accurate and that case files were complete.

*Effect:* Individuals may receive benefits that they are not entitled to or not receive benefits for which they are entitled to.

*Questioned Costs:* Known questioned costs of \$442, projected questioned costs are undeterminable.

*Context/Sampling:* A nonstatistical sample of 68 out of approximately 22,000 MAABD eligibility determinations was selected for testing. Two individuals had the incorrect aid code classified. In addition, an application was not available and could not be reviewed for one individual.

*Repeat Finding from Prior Year:* No

*Recommendation:* We recommend the Division enhance internal controls to ensure that aid categories are accurate and that case files are complete.

*Views of Responsible Officials:* The Nevada Division of Welfare and Supportive Services agrees with this finding.

**2020-033: 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**

*Grant Award Number:* Affects all grant awards included under CFDA 93.775, CFDA 93.777, and 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.

The Nevada Division of Health Care Financing and Policy (the Division) is required to submit *Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program (CMS-64)* reports based on actual recorded expenditures (42 CFR 430.30).

*Condition:* Amounts reported on the CMS-64 were not supported by the underlying accounting information.

*Cause:* The Division did not have adequate internal controls to ensure CMS-64 reports were accurate.

*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 December 31, 2019 CMS-64 report, Line 19A was understated by \$64,346 (Total Computable Column).

The March 31, 2020 CMS-64 report had the following variances (Total Computable Column):

- Line 8 was understated by \$539
- Line 10 was understated by \$1,863
- Line 11 was understated by \$686
- Line 16 was understated \$3,041

- Line 19A was understated by \$3,299,781
- Line 29 was understated by \$235
- Line 37 was understated by \$18,390
- Line 38 was understated by \$762
- Line 40 was understated by \$324
- Line 49 was understated by \$2,125

*Repeat Finding from  
Prior Year:*

No.

*Recommendation:*

We recommend the Division enhance internal controls to ensure CMS-64 reports are accurate.

*Views of Responsible  
Officials:*

The Nevada Division of Health Care Financing and Policy agrees with this finding.

**2020-034: 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 – ADP Risk Analysis and System Security Review**  
**Material Weakness in Internal Control over Compliance and Material Noncompliance**

*Grant Award Number:* Affects all grant awards included under CFDA 93.775, CFDA 93.777, and CFDA 93.778 on the Schedule of Expenditures of Federal Awards.

*Criteria:* State Medicaid Agencies (SMA) are required to establish and maintain a program for conducting periodic risk analyses to ensure that appropriate and cost-effective safeguards are incorporated into new and existing systems. This includes performing risk analyses whenever significant system changes occur. SMAs shall review the ADP system security installations involved in the administration of HHS programs on a biennial basis. At a minimum, the reviews shall include an evaluation of physical and data security operating procedures, and personnel practices (45 CFR 95.621).

*Condition:* No review over the ADP system was completed.

*Cause:* The Nevada Division of Health Care Financing and Policy (the Division) did not have internal controls to ensure an ADP review was completed when required.

*Effect:* Security of the ADP system may be insufficient.

*Questioned Costs:* None

*Context/Sampling:* No sampling was used. The Division implemented major system changes in February 2019 and the previous ADP system review was completed in June 2017.

*Repeat Finding from Prior Year:* Yes – prior year finding 2019-040.

*Recommendation:* We recommend the Division implement internal controls to ensure an ADP review is completed when required.

*Views of Responsible Officials:* The Nevada Division of Health Care Financing and Policy agrees with this finding.



Management's Response to Auditor's Findings:  
Status of Prior Audit Findings and Corrective Action Plans  
June 30, 2020

Prepared by Management of  
**Nevada State Agencies**





Management's Response to Auditor's Findings

Status of Prior Audit Findings .....	A-1
Corrective Action Plans .....	A-76





OFFICE OF THE  
STATE CONTROLLER

May 27, 2021

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, 2020.

**2019-001: Prior Period Adjustment of Highway Fund Payables  
Material Weakness**

*Initial Fiscal Year*

*Finding Occurred:* 2019

*Finding Summary:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Proper reporting accounts payable is a key component of effective internal control over financial reporting.

A prior period adjustment of \$3,510,112 was required to correct certain payable amounts, which were inadvertently recorded at year end.

Internal controls in place in 2018, did not ensure that payables were reported accurately.

In 2018, accounts payable in the Highway Fund were overstated by 3,510,112.

We recommend the State of Nevada enhance internal controls to ensure accounts payable are reported accurately.

*State's Response:* Purchasers are entering pertinent information into financial system when orders are placed. Corrected January 29, 2020.

*Status:* Corrected.

**2019-002: Prior Period Adjustment of Permanent School Fund Receivable  
Material Weakness**

*Initial Fiscal Year*

*Finding Occurred:* 2019

*Finding Summary:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly reporting Permanent School Fund receivables is a key component of effective internal control over financial reporting.

A prior period adjustment of \$3,913,983 was required to correct 2018 receivables which was miscalculated and therefore overstated in the 2018 financial statements.

Internal controls in place in 2018 did not ensure that Permanent School Fund receivables were properly calculated and reported.

At June 30, 2018, fund balance in the Permanent School Fund was overstated by \$3,913,983.

We recommend the State of Nevada enhance internal controls to ensure Permanent School Fund receivables are calculated and reported accurately.

*State's Response:* Corrected in fiscal year 2019.

*Status:* Corrected.

**2019-003: State Agency Fund for Bonds – Assets  
Material Weakness**

*Initial Fiscal Year*

*Finding Occurred:* 2019

*Finding Summary:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly recording assets of the State of Nevada is a key component of effective internal control over financial reporting.

A prior period adjustment of \$265,698,777 was required to correct assets that were not under control of the State of Nevada.

The internal controls in place over financial reporting did not ensure the amounts recorded for assets were correct.

In 2018, in the State Agency Fund for Bonds, cash in custody of other officials, investments, and deposits were overstated by \$21,681,384, \$244,017,393, and \$265,698,777, respectively.

We recommend the State of Nevada enhance internal controls over financial reporting to ensure only assets that are under State of Nevada control are reported.

*State's Response:* Corrected as of June 30, 2019.

*Status:* Corrected.

**2019-004: Investments – Interest Rate Risk, Credit Risk, and Fair Value Disclosures  
Material Weakness**

*Initial Fiscal Year*

*Finding Occurred:* 2019

*Finding Summary:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly recording investment disclosures of the State of Nevada is a key component of effective internal control over financial reporting.

During our testing over the investment disclosures, we noted:

- inclusion of a nonnegotiable certificate of deposit in the interest rate risk, credit risk, and fair value disclosures;
- inconsistencies in investment types between the fair value and credit risk disclosures; and
- inconsistencies in the credit risk disclosure from the Local Government Investment Pool audited financial statements.

The internal controls in place over financial reporting did not ensure the investment's interest rate risk, credit risk, and fair value disclosures were correct.

The investment disclosure over:

- interest rate risk, credit risk, and fair value were overstated by \$25,332,749; \*

- fair value on the investment categories regarding:
  - U.S. Agencies and Other Investments were overstated by \$5,041,700 and \$19,446,766, respectively; and
  - Corporate Bonds and Notes were understated by \$24,488,466; and
- credit risk quality ratings regarding:
  - AA was overstated by \$25,001,279;
  - A, AA, AAA ratings were understated by \$422,467,021, \$30,113,708, and \$151,706,365, respectively; and
  - Unrated was overstated by \$604,287,095.
  -

We recommend the State of Nevada enhance internal controls over financial reporting to ensure investment disclosures are reported consistently and accurately.

*State's Response:* Corrected as of January 2020.

*Status:* Corrected.

**2019-005: Monthly Bank Reconciliation  
Material Weakness**

*Initial Fiscal Year*

*Finding Occurred:* 2019

*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, 2019 bank reconciliation for the outside bank accounts includes an unexplained variance of \$13,542,147 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.

We recommend the Controller's Office enhance internal controls to ensure the bank reconciliation variances are researched and resolved in a timely manner.

*State's Response:* Resources were assigned to the bank reconciliation process to review and enhance controls in March 2020. Due to the pandemic these efforts were slowed. Additional resources were assigned in September 2020 to ensure bank reconciliation variances are researched and resolved. Ongoing efforts continue to meet the planned completion of December 2020.

*Status:* Partially corrected.

**2019-006: Highway Fund – Accounts Payable and Inventory  
Material Weakness**

*Initial Fiscal Year*

*Finding Occurred:* 2019

*Finding Summary:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly recording accounts payable and inventory is a key component of effective internal control over financial reporting.

During our audit procedures we became aware of accounts payable transactions that were not recorded in the appropriate accounting period. In addition, we also became aware of transactions that were posted incorrectly due to a formula error in the inventory spreadsheet.

The internal controls in place did not ensure that payments made after year end were recorded in the accounting period in which the services were provided. In addition, the internal controls in place did not ensure that inventory was accurately reported.

Accounts payable is understated by \$2,609,338 and inventory is understated by approximately \$748,361.

We recommend the State of Nevada enhance internal controls over accounts payable and inventory.

*State's Response:* Project Management team members have requested contractors to split bills between fiscal years at the June 30 cut-off date. NDOT's Maintenance and Asset Management team will add an additional review for the correctness of the Stockpile Report. No corrective action is needed regarding the audit finding pertaining to contractor payments as, per federal regulation, the Department cannot consider work complete until required documentation is received from the contractor.

*Status:* Partially corrected.

**2019-007: Prior Period Adjustment of Infrastructure  
Material Weakness**

*Initial Fiscal Year*

*Finding Occurred:* 2019

*Finding Summary:* Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Proper reporting of infrastructure is a key component of effective internal control over financial reporting.

A prior period adjustment of approximately \$3,119,518,000 was required to correct infrastructure amounts, which were understated in the 2018 financial statements.

Internal controls in place in 2018 did not ensure that infrastructure was reported accurately.

In 2018, infrastructure was understated by approximately \$3,119,518,000.

We recommend the State of Nevada enhance internal controls to ensure infrastructure is reported accurately.

*State's Response:* Corrected February 3, 2020. Corrective action was retroactive for fiscal years 1999 through 2019.

*Status:* Corrected.

**2019-008: 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:* 2019

*Finding Summary:* Affects grant awards 201717W100647, 201818W100647, and 201919W100647 included under CFDA 10.557 on the Schedule of Expenditures of Federal Awards.

The OMB Compliance Supplement states that to the extent available, program income, rebates, refunds, and other income and receipts should be disbursed before requesting additional federal cash draws.



Rebates were not disbursed prior to requesting funds.

The Nevada Division of Public and Behavioral Health (the Division) did not have adequate internal controls to ensure rebates were disbursed prior to requesting funds.

Incorrect amounts of cash may be received, and an interest liability could result.

No sampling was used; the entire population of 134 federal cash draws was reviewed. Of this population, seven cash draws were requested prior to the disbursement of rebates.

We recommend the Division enhance internal controls to ensure rebates are disbursed before requesting funds.

*State's Response:* Prior to January 1, 2020, training was provided to staff reminding them of the importance of reconciling data on internal tracking spreadsheets to the daily WIC wire documentation. Additional guidance has also been requested from USDA on how some corrections are to be handled.

*Status:* Corrected.

**2019-009, 2018-003,  
2017-006, 2016-006,  
2016-011:**

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

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

*Initial Fiscal Year  
Finding Occurred:* 2016

*Finding Summary:* Affects all grant awards included under CFDA 10.557 on the Schedule of Expenditures of Federal Awards.

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

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

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

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

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

A nonstatistical sample of 63 procurement transactions out of approximately 3,200 was selected for testing, including 17 contracts subject to Appendix II to Part 200. Thirteen of the contracts were missing certain applicable provisions and no suspension and debarment verification procedures were performed for four of the parties that received disbursements.

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

*State's Response:*

The Division has requested the standard templates for all contracts, including statewide contracts, be updated to include applicable provisions by the State Purchasing Division. As of September 1, 2020, this request has not been approved. However, the Division of Public and Behavioral Health Contract Unit has revised the Division's contract template to add the required federal provisions for Appendix II to Part 200 specific to Suspension/Debarment, Anti-Lobbying and Clean Air/Clean Water Act. The Division will also provide updated training to staff to ensure all amendments to existing contracts extending the contract period have the required federal provisions.

Additionally, the Division is developing an annual process to conduct suspension and debarment verifications for all contractors that receive federal funds to ensure division-wide compliance of this requirement. Regarding purchase requisition payments greater than \$25,000, the Division is currently verifying Suspension/Debarment status to ensure continued complete of this requirement.

Date of Completion:

Statewide Contracts: Currently still pending State Purchasing Division approval

Division Contracts: Corrected March 7, 2019

Suspension and Debarment Verification: To be completed October 30, 2020

*Status:* Partially corrected.

**2019-010: U.S. Department of the Interior  
Fish and Wildlife Cluster:  
Sport Fish Restoration Program, CFDA 15.605  
Wildlife Restoration and Basic Hunter Education, CFDA 15.611  
Hunter Education and Safety Program, CFDA 15.626**

**Other**

**Material Weakness in Internal Control over Compliance**

*Initial Fiscal Year  
Finding Occurred:*

2019

*Finding Summary:*

Affects all grant awards included under CFDA 15.605 and 15.611 included on the Schedule of Expenditures of Federal Awards.

Title 2 Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires the State of Nevada to prepare a Schedule of Expenditures of Federal Awards (SEFA) showing both total federal expenditures and payments to subrecipients for the year.

Amounts were originally reported incorrectly on the SEFA.

The Nevada Department of Wildlife (the Department) did not have adequate internal controls to ensure total federal expenditures and payments to subrecipients were appropriately reported on the SEFA.

Prior to correction, the total federal expenditures on the SEFA were understated by \$3,489,536 and pass-through payments were understated by \$2,518,379.

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

We recommend the Department enhance internal controls to ensure total federal expenditures and payments to subrecipients are appropriately reported on the SEFA.

*State's Response:* Corrected as of February 24, 2020.

*Status:* Corrected.

**2019-011, 2018-010: U.S. Department of Justice  
Crime Victim Assistance, CFDA 16.575**

**Procurement, Suspension, and Debarment  
Significant Deficiency in Internal Control over Compliance**

*Initial Fiscal Year*

*Finding Occurred:* 2018

*Finding Summary:* Affects all grant awards included under CFDA 16.575 on the Schedule of Expenditures of Federal Awards.

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

Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required.

The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls to ensure contracts under federal awards contained all of the applicable provisions.

Contractors may not be aware of required terms and conditions.

A nonstatistical sample of 60 procurement transactions out of 487 was selected for testing, including five contracts subject to Appendix II to Part 200. One of the contracts were missing certain applicable provisions.

We recommend the Division enhance internal controls to ensure all contracts under federal awards contain the applicable provisions.

*State's Response:* One current contract between another state agency that receives funding from a Crime Victim Assistance subaward and a private vendor does not comply with the federal contract language requirements became effective April 1, 2010 and is scheduled to expire on June 30, 2022.

DCFS has requested the other agency amend their existing contract to add the required language to comply with the federal language requirements. The other state agency has indicated they will amend the existing contract to include the federal language requirements, which is anticipated to be processed in FY 2021.

*Status:* Partially corrected.

**2019-012, 2018-012: U.S. Department of Justice  
Crime Victim Assistance, CFDA 16.575**

**Reporting  
Material Weakness in Internal Control over Compliance**

*Initial Fiscal Year  
Finding Occurred:* 2018

*Finding Summary:* Affects all grant awards included under CFDA 16.575 on the Schedule of Expenditures of Federal Awards.

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

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

Subgrant Award Reports (SAR) were not filed timely.

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

Late information was reported to the federal awarding agency.

A nonstatistical sample of 14 subrecipients out of 55 was selected for testing. 13 SARs were not filed timely, ranging from one to 149 days late. In addition, one SAR was reported in advance of the subaward being signed.

We recommend the Division enhance internal controls to ensure SARs are reported timely.

*State's Response:* The division updated its Grants Management Unit (GMU) Policies and Procedures on July 1, 2019 to ensure timely filing of Subgrant Award Reports within 90 days for each subrecipient. An internal GMU tracking log is now being utilized to document when the NOSAs are fully executed and the 90-day deadline when they must be entered into the PMT system. GMU Policies and Procedures were updated on July 1, 2019. GMU tracking log was updated on July 1, 2020.

*Status:* Not corrected.

**2019-013, 2018-014: U.S. Department of Justice  
Crime Victim Assistance, CFDA 16.575**

**Subrecipient Monitoring  
Significant Deficiency in Internal Control over Compliance**

*Initial Fiscal Year*

*Finding Occurred:* 2018

*Finding Summary:* Affects all grant awards included under CFDA 16.575 on the Schedule of Expenditures of Federal Awards.

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires that pass-through entities ensure that every subaward includes certain information at the time of the subaward.

Subawards did not include certain information required by Uniform Guidance.

The Division of Child and Family Services (the Division) did not have adequate internal controls to ensure subawards contained all required information.

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

A nonstatistical sample of 14 subawards out of a population of 55 was selected for testing. None of the subawards contained all the required information.

We recommend the Division enhance internal controls to ensure subawards contain all required information.

*State's Response:* Although the finding was fully corrected in 2018, it was a repeat finding due to the timing of when the agency is notified of single audit findings.

The Department of Health and Human Services has updated its subaward template effective July 1, 2019 to include all information required by Uniform Guidance.

*Status:* Corrected.

**2019-014, 2018-015: U.S. Department of Justice  
Crime Victim Assistance, CFDA 16.575**

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

*Initial Fiscal Year  
Finding Occurred:* 2018

*Finding Summary:* Affects grant award #2015-VA-GX-0024 included under CFDA 16.575 on the Schedule of Expenditures of Federal Awards.

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).

The underserved population did not meet the 10% funding requirement.

The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls to track funding allocations to ensure the priority funding requirements were met.

The underserved population did not receive the minimum expenditure amounts.

No sampling was used. We tested the expenditures included under the grant award and noted that \$1,416,811 were noted as spent on the underserved population. The minimum amount to spend was \$1,616,876, which indicates a deficiency of \$200,065.

We recommend the Division enhance internal controls to track funding allocations to ensure the priority funding requirements are met.

*State's Response:* Although the finding was fully corrected in 2018, it was a repeat finding due to the timing of when the agency is notified of single audit findings.

On July 27, 2018, the division updated its subaward funding and expenditure tracking processes to ensure the minimum requirements for all four of the required priority areas are met.

*Status:* Corrected.

**2019-015: 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**

**Reporting  
Significant Deficiency in Internal Control over Compliance**

*Initial Fiscal Year  
Finding Occurred:* 2019

*Finding Summary:* Affects all grant awards included under CFDA 17.258, 17.259, and 17.278 on the Schedule of Expenditures of Federal Awards.

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

Certain data elements in the WIOA Participant Individual Record Layout Report (PIRL) were reported inaccurately.

The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have adequate internal controls to ensure that all information in the PIRL was accurate or supported by underlying information.



Inaccurate information was reported to the federal awarding agency.

A nonstatistical sample of 60 out of 9,502 participant records was selected for testing.

Two of 60 records had an error regarding Data Element 1800 (Credential Attainment Rate) where the incorrect credential was reported. Specifically, while the participant obtained a “Certificate”, it was reported that the participant obtained a “Certification”.

One of 60 records had an amount reported under Data Element 1704 (Median Earnings, Median Wages 2nd Quarter After Exit), which we were unable to examine discernible evidence that supported the wages reported.

We recommend the Department enhance internal controls to ensure that all information in the PIRL is accurate and supported by underlying information.

*State’s Response:*

**Nevada DETR’s Response**

Data Element 1800 – The provider and case manager entered the incorrect credential type, and have since been provided technical assistance and corrected the record to reflect the correct credential type of occupational certificate.

Data Element 1704 – The method of collecting and calculating the hourly rate of supplemental wages is acceptable and is found on the U.S. Department of Labor’s Training Employment Guidance Letter (TEGL) 10-16, Attachment 3 OMB Control 1205-0526, as well as in Nevada’s WIOA State Compliance Policy 1.6.

The Department has developed and disseminated a technical assistance guide (TAG) with case manager instructions and protocol on the methodology of how to record/demonstrate supplemental wages. See Attachment A.

**Updated Nevada DETR Response as of September 2020**

Due to the operational effects of COVID-19, the Technical Assistance Guidance (TAG) was drafted but never finalized and/or distributed. However, this item is now complete and satisfied as of September 17, 2020. Attached is TAG 20-3, which has been disseminated to the local boards and case managers that provides instructions and protocol on the methodology and requirements of recording and demonstrating supplemental wages in the state’s management information system (MIS). This guidance will be reinforced through all EmployNV training.

It is respectfully requested that finding 2019-015 be closed.

Date of Completion: September 17, 2020

Contact Person: Nancy St. Clair, Business Process Analyst III,  
DETR/ESD/WISS (775)684-0325, njstclair@detr.nv.gov

*Status:* Partially corrected.

**2019-016, 2018-019: U.S. Department of Labor**

**WIOA Cluster:**

**WIA/WIOA Adult Programs, CFDA 17.258**

**WIA/WIOA Youth Activities, CFDA 17.259**

**WIA/WIOA Dislocated Worker Formula Grants, CFDA 17.278**

**Subrecipient Monitoring**

**Material Weakness in Internal Control over Compliance**

*Initial Fiscal Year*

*Finding Occurred:* 2018

*Finding Summary:*

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

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

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

The Department of Employment, Training and Rehabilitation (the Department) did not have internal controls in place to ensure subawards contained all required information and that the CFDA number was communicated on each subrecipient payment.

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

A nonstatistical sample of three subawards out of a population of 14 was selected for testing. None of the subawards contained all the required information. In addition, a nonstatistical sample of 60 out of a population of 599 payments to subrecipients was selected for testing. The Department did not communicate the award's CFDA number at the time of disbursement for 39 of the 60 payments.

We recommend the Department enhance internal controls to ensure subawards contain all required information and that the CFDA number is communicated on each subrecipient payment.

*State's Response:*

**Nevada DETR's Response – Contains 2 Parts**

**1. Nevada DETR Workforce Investment Support Services (WISS)**

The Department agrees with this finding, and has enhanced internal controls (i.e., revised the Department's subgrant form to require the CFDA number and other grant specific information). Said form has been vetted through the U.S. Department of Labor; see Attachment B.

**Updated Nevada DETR Response as of September 2020**

Finding 2019-016 was completed and satisfied as of March 6, 2020 through the amendment of the Department's subgrant form as noted above and attached to the Department's previous response to this single audit finding. Attached for reference is the Department's amended subgrant form, Attachment B, which was provided in the Department's previous response.

It is respectfully requested that finding 2019-016 be closed.

Date of Completion: March 6, 2020

Contact Person: Karlene Johnson, ESD Program Specialist III,  
(775)684-0314, kfjohnson@detr.nv.gov

**2. Nevada DETR Financial Management (FM)**

With respect to the CFDA number issue and improving internal controls, DETR Financial Management (FM) unit will improve accountability by providing this number on the corresponding remittance advices for each payment made and incorporate into the accounts payable internal controls.

**Updated Nevada DETR Response as of September 2020**

With respect to the CFDA number issue and improving internal controls, DETR Financial Management (FM) unit has continued to provide this number on the corresponding remittance advices for each payment made and has incorporated into the accounts payable internal controls.

Estimated Date of Completion: Immediate and upon further guidance

Contact Person: Kathleen DeSocio, MSM, CGFM  
Chief Financial Officer, Financial Management Section

*Status:* Partially corrected.

**2019-017: 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**

**Other  
Material Weakness in Internal Control over Compliance**

*Initial Fiscal Year*  
*Finding Occurred:* 2019

*Finding Summary:* Affects all grant awards included under CFDA 17.259 and CFDA 17.278 on the Schedule of Expenditures of Federal Awards.

Title 2 Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires the State of Nevada to prepare a Schedule of Expenditures of Federal Awards (SEFA) showing both total federal expenditures and payments to subrecipients for the year. Payments to subrecipients are required to be reported on the SEFA when incurred (cash basis of accounting).

Amounts were originally reported incorrectly on the SEFA.

The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have adequate internal controls to ensure total federal expenditures and payments to subrecipients were appropriately reported on the SEFA.

Prior to correction, the total federal expenditures and payments to subrecipients on the SEFA for CFDA 17.259 were understated by \$674,361 and \$666,753, respectively. In addition, the total federal expenditures and payments to subrecipients on the SEFA for CFDA 17.278 were understated by \$2,879,297 and \$1,625,139, respectively.

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

We recommend the Department enhance internal controls to ensure total federal expenditures and payments to subrecipients are appropriately reported on the SEFA.

*State's Response:*

**Nevada DETR's Response**

The Department agrees with this finding and has enhanced internal controls. Going forward, the DETR Financial Management (FM) Bureau will perform a reconciliation to Nevada DAWN's "List Job Number Totals By Budget Account" report to ensure all federal job numbers are included on either the SEFA Certification or manual SARFs. In addition, the procedures will include two additional approval levels of reviewer and certification prior to submittal. The Deputy CFO and CFO will now be reviewing and certifying the reports before submittal. And finally, as needed, the DETR CFO will work with the Nevada Controller's Office staff to review and install other critical control procedures for accuracy and compliance purposes.

**Updated Nevada DETR Response as of September 2020**

DETR Financial Management (FM) Bureau performed a reconciliation to Nevada DAWN's "List Job Number Totals By Budget Account" report to ensure all federal job numbers are included on either the SEFA Certification or manual SARFs. In addition, the procedures include two additional approval levels of reviewer and certification prior to submittal. The Deputy CFO and CFO are now reviewing and certifying the reports before submittal.

Estimated Date of Completion:           September 2020

Contact Person:           Kitty DeSocio, Chief Financial Officer, (775) 684-3878, kbdesocio@detr.nv.gov

*Status:*                   Partially corrected.

**2019-018: U.S. Department of Veterans Affairs  
Grants to States for Construction of State Home Facilities,  
CFDA 64.005**

**Allowable Costs/Cost Principles  
Material Weakness in Internal Control over Compliance**

*Initial Fiscal Year*

*Finding Occurred:* 2019

*Finding Summary:* Affects all grant awards included under CFDA 64.005 on the Schedule of Expenditures of Federal Awards.

The OMB Compliance Supplement requires that non-federal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

Accurate record retention and reconciliation of expenditures are key components of effective internal controls.

The Department of Veterans Services (the Department) did not maintain adequate records and reconciliations to facilitate effective monitoring and tracking of allowable costs.

The Department did not have adequate internal controls to monitor total federal expenditures, including approved pre-award costs.

\$10,115,056 in costs were not billed to the federal awarding agency timely.

No sampling was used. We examined the total unbilled costs and noted approved pre-award project costs from fiscal years 2014-2018 as well costs in fiscal year 2019 that were not reconciled or billed.

We recommend the Department enhance internal controls to monitor total federal expenditures, including approved pre-award costs.

*State's Response:* NDVS and SPWD have started working on the written procedure. It has not been finalized or approved by both Departments due to some delays regarding the pandemic. This is anticipated to be completed by January 1, 2021.

*Status:* Partially corrected.

**2019-019: U.S. Department of Veterans Affairs  
Grants to States for Construction of State Home Facilities,  
CFDA 64.005**

**Cash Management and Reporting  
Significant Deficiency in Internal Control over Compliance**

*Initial Fiscal Year*

*Finding Occurred:* 2019

*Finding Summary:* Affects all grant awards included under CFDA 64.005 on the Schedule of Expenditures of Federal Awards.

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.

Adequate segregation of duties is a key component of effective internal controls.

While no instances of noncompliance were noted, there was no discernible evidence of appropriate segregation of duties in preparation of reimbursement requests (SF-271 reports).

The Nevada Department of Veterans Services (the Department) did not have adequate internal controls to evidence appropriate segregation of duties.

Inaccurate information may be reported to the federal awarding agency.

No sampling was used, we examined the entire population of four SF-271 reports. None of the reports had evidence of segregation of duties.

We recommend the Department enhance internal controls to evidence appropriate segregation of duties.

*State's Response:* We implemented procedures on March 5, 2020 to address this issue going forward.

*Status:* Partially corrected.

**2019-020: U.S. Department of Veterans Affairs  
Grants to States for Construction of State Home Facilities,  
CFDA 64.005**

**Procurement, Suspension, and Debarment  
Significant Deficiency in Internal Control over Compliance**

*Initial Fiscal Year*

*Finding Occurred:* 2019

*Finding Summary:* Affects all grant awards included under CFDA 64.005 on the Schedule of Expenditures of Federal Awards.

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

Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required.

The Nevada Department of Veterans Services (the Department) did not have adequate internal controls to ensure contracts under federal awards contained all of the applicable provisions.

Contractors may not be aware of required terms and conditions.

A nonstatistical sample of 26 procurement transactions out of 148 was selected for testing, including ten contracts subject to Appendix II to Part 200. Six of the ten contracts were missing certain applicable provisions.

We recommend the Department enhance internal controls to ensure all contracts under federal awards contain the applicable provisions.

*State's Response:* NDVS and SPWD have started working on the written procedure. It has not been finalized or approved by both Departments due to some delays regarding the pandemic. This is anticipated to be completed by January 1, 2021.

*Status:* Partially corrected.



**2019-021: U.S. Department of Veterans Affairs  
Grants to States for Construction of State Home Facilities,  
CFDA 64.005**

**Other  
Material Weakness in Internal Control over Compliance**

*Initial Fiscal Year*  
*Finding Occurred:* 2019

*Finding Summary:* Affects all grant awards included under CFDA 64.005 included on the Schedule of Expenditures of Federal Awards.

Title 2 Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires the State of Nevada to prepare a Schedule of Expenditures of Federal Awards (SEFA) showing total federal expenditures for the year.

Amounts were originally reported incorrectly on the SEFA.

The Nevada Department of Veterans Services (the Department) did not have adequate internal controls to ensure total federal expenditures were appropriately reported on the SEFA.

Prior to correction, the total federal expenditures on the SEFA were understated by \$10,115,056.

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

We recommend the Department enhance internal controls to ensure total federal expenditures are appropriately reported on the SEFA.

*State's Response:* Information was submitted to the State Controller's Office on February 20, 2020 to correct the SEFA. For future SEFA reporting, NDVS and SPWD have started working on the written procedure. It has not been finalized or approved by both Departments due to some delays regarding the pandemic. This is anticipated to be completed by January 1, 2021.

*Status:* Partially corrected.

**2019-022, 2019-026,  
2018-022, 2017-016,  
2017-019, 2016-020,  
2016-024, 2015-014,  
2015-019:**

**U.S. Department of Education  
Title I Grants to Local Educational Agencies, CFDA 84.010**

**Subrecipient Monitoring  
Material Weakness in Internal Control over Compliance and Material  
noncompliance**

*Initial Fiscal Year  
Finding Occurred:*

2015

*Finding Summary:*

Affects all grant awards included under CFDA 84.010 on the Schedule of Expenditures of Federal Awards.

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

Pass-through entities ensure that every subaward includes certain information at the time of the subaward and that the award's CFDA number is identified to the subrecipient at the time of disbursement.

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.

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 award's 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 and/or not utilized to determine the monitoring plan. In addition, programmatic monitoring for performance pursuant to subawards was incomplete.

Procedures were not performed to verify that subrecipients were audited (or not required to be 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 Nevada Department of Education (the Department) and the Nevada State Public Charter School Authority (the Authority) 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.

Testing was performed over each requirement for the Department and the Authority. The applicable populations were as follows:

28 subrecipients in total; 20 applicable to the Department and 8 applicable to the Authority.

Total payments made to subrecipients were 501; 222 applicable to the Department and 279 applicable to the Authority.

A nonstatistical sample of six subawards was selected for testing. All five subawards from the Department and the one from the Authority were missing information required by Uniform Guidance.

A nonstatistical sample of 64 payments to subrecipients was selected for testing. Of these 64 payments selected, 48 payments were made by the Department and 16 were made by the Authority. The Department did not communicate the award's CFDA number at the time of disbursement in 18 of the payments.

A nonstatistical sample of six subrecipients was selected for testing. The Department monitored the five subrecipients selected but based on policies and procedures that did not include consideration of risk assessment (even though a risk assessment was performed). The Authority did not perform a risk assessment or monitor programmatic performance for the one subrecipient selected.

A nonstatistical sample of six subrecipients was selected for testing. The Department did not verify an audit was performed (or not required to be performed) for one of five subrecipients tested. The Authority received an audit report for the one subrecipient tested. However, there was no evidence that the Authority had reviewed the audit report.

We recommend the Department and the Authority enhance internal controls to ensure compliance with subrecipient monitoring requirements.

*State's Response:*

From NDE:  
Condition A: Corrected  
Condition B: Partially corrected  
Condition C: Corrected

Condition B: The Nevada Department of Education has made significant progress in implementing a subrecipient risk assessment and monitoring schedule. Although the finalization of the revised risk assessment tool and completion of reviewing each subrecipient's score was not completed until late August due to COVID-19 outbreak challenges. The Department is on track to provide subrecipients with their revised risk score by October 1, 2020. A revised schedule based on the newly assigned levels of risk has been developed and monitoring will begin in November 2020.

From SPCSA:  
Condition A-Corrected on 7/1/2019 and it was not retroactive; Condition B - Partially Corrected; Condition C - Partially Corrected

Condition B & C - The process of developing protocols for conducting subrecipient risk assessment and appropriate monitoring have been ongoing in FY20, but full implementation cannot be attained until FY21.

The Authority has developed risk assessment protocols and tools and is in the process of disseminating risk assessment and monitoring protocols and procedures to all stakeholders. The SPCSA is in the process of conducting a risk assessment of its subrecipients (expected completion October 2020) and will then implement subrecipient monitoring through the remainder of FY21. Ongoing technical assistance and training related to risk assessment and monitoring will also be provided to stakeholders.

The Authority has taken steps to develop processes and procedures to evaluate each subrecipient's risk of non-compliance and to develop protocols for appropriate subrecipient monitoring.

*Status:*

Partially corrected.

**2019-023:**

**U.S. Department of Education  
Title I Grants to Local Educational Agencies, CFDA 84.010**

**Special Tests and Provisions – Assessment System Security  
Material Weakness in Internal Control over Compliance and Material  
Noncompliance**

*Initial Fiscal Year*

*Finding Occurred:* 2019

*Finding Summary:*

Affects all grant awards included under CFDA 84.010.

The OMB Compliance Supplement requires state education agencies (SEAs), in consultation with local education agencies (LEAs), to establish and maintain an assessment system that is valid, reliable, and consistent with relevant professional and technical standards. Within their assessment systems, SEAs must have policies and procedures to maintain test security and ensure that LEAs implement those policies and procedures.

The State of Nevada's Assessment Security System Procedures require that LEA's submit District Test Security Plans by September 1 of each year to the State Board of Education and the Legislative Committee on Education.

District Test Security Plans were either not submitted or not maintained.

The Nevada Department of Education (the Department) did not have internal controls to ensure LEA's adhered to the Assessment Security System Procedures.

The Department may not know if LEA's are compliant with the Assessment Security System Procedures.

A nonstatistical sample of four LEA District Test Security Plans out of a population of 28 was selected for testing. The Department was unable to provide support that the plans had been received for three of the LEA's.

We recommend the Department implement internal controls to ensure LEA's adhere to the Assessment Security System Procedures.

*State's Response:*

This finding resulted from an audit conducted in March 2020 by Eide Bailly, LLC in March of 2020. The auditors recommended that the Department address this finding by enhancing internal controls. The development of internal controls and processes to ensure compliance with state law was completed on August 31, 2020. The Department has verified

that the implementation of these internal controls do not require an update to existing policies. State law (NRS 390.275) requires districts to submit their Test Security Plans to the State Board of Education and the Legislative Committee on Education, on or before September 1 of each year. New internal processes are sufficient to monitor district compliance to this law. All Local Education Agencies have been notified of these new processes through written communication and have been part of meetings where these processes were described and discussed in detail, in order to address any questions and to verify complete comprehension of these requirements.

*Status:* Partially corrected.

**2019-024: U.S. Department of Education  
Special Education Cluster:  
Special Education- Grants to States, CFDA 84.027  
Special Education- Preschool Grants, CFDA 84.173**

**Earmarking  
Significant Deficiency in Internal Control over Compliance**

*Initial Fiscal Year*

*Finding Occurred:* 2019

*Finding Summary:* Affects grant award #H027A160043 included under CFDA 84.027 on the Schedule of Expenditures of Federal Awards.

The OMB Compliance Supplement indicates that each state may reserve for each fiscal year, not more than the maximum amount the State was eligible to reserve for State administration under 20 USC 1411 for FY 2004, or \$800,000 (adjusted for inflation in accordance with 20 USC 1411(e)(1)(B)), whichever is greater.

Administration costs exceeded the maximum reserve.

The Nevada Department of Education (the Department) did not have adequate internal controls to ensure administrative dollars were not claimed in excess of the maximum reserve.

Unallowable administrative dollars were claimed.

Questioned Costs: Less than \$25,000.

No sampling was used. We examined the total expenditure population under the grant award.

We recommend the Department enhance internal controls to ensure administrative dollars are not claimed in excess of the maximum reserve.

*State's Response:* The corrective action was fully implemented in the last half of the calendar year 2019 and was not reflected in the audit.

*Status:* Corrected.

**2019-025: U.S. Department of Education  
Special Education Cluster:  
Special Education- Grants to States, CFDA 84.027  
Special Education- Preschool Grants, CFDA 84.173**

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

*Initial Fiscal Year  
Finding Occurred:* 2019

*Finding Summary:* Affects all grant awards included under CFDA 84.027 and 84.173 on the Schedule of Expenditures of 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.

Suspension and debarment verification procedures were not always performed prior to entering into covered transactions.

The Nevada State Public Charter School Authority (the Authority) did not have internal controls to ensure suspension and debarment verification procedures were performed prior to entering into all subawards under federal awards.

Payments could be made to recipients who were suspended or debarred.

Sampling was not utilized. We reviewed the standard subaward language for the Authority which is used for all subawards issued by the Authority. We noted a clause was not included in the subawards and no other procedures were performed. The authority has 27 subrecipients under the Special Education Cluster.

We recommend the Authority implement internal controls to ensure suspension and debarment verification procedures are performed prior to entering into all subawards under federal awards.

*State's Response:* Corrected on 3/20/2020 and it was not retroactive.

*Status:* Corrected.

**2019-026: 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:* 2019

*Finding Summary:* Affects all grant awards included under CFDA 84.027 and 84.173 on the Schedule of Expenditures of Federal Awards.

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

Pass-through entities ensure that every subaward includes certain information at the time of the subaward and that the award's CFDA number is identified to the subrecipient at the time of disbursement.

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.

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. In addition, the award's 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 and/or not utilized to determine the monitoring plan. In addition, programmatic monitoring for performance pursuant to subawards was incomplete.

Procedures were not performed to verify that subrecipients were audited (or not required to be 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 Nevada Department of Education (the Department) and the Nevada State Public Charter School Authority (the Authority) 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.

Testing was performed over each requirement for the Department and the Authority. The applicable populations were as follows:

48 subrecipients in total; 21 applicable to the Department and 27 applicable to the Authority.

Total payments made to subrecipients were 787; 327 applicable to the Department and 460 applicable to the Authority.

A nonstatistical sample of ten subawards was selected for testing. All three subawards from the Department and all seven from the Authority were missing information required by Uniform Guidance.

A nonstatistical sample of 65 payments to subrecipients was selected for testing. Of these 65 payments selected, 46 payments were made by the Department and 19 were made by the Authority. The Department did not communicate the award's CFDA number at the time of disbursement in three of the payments.

A nonstatistical sample of ten subrecipients was selected for testing. The Department monitored the three subrecipients selected but based on policies and procedures that did not include consideration of risk assessment (even though a risk assessment was performed). The Authority did not perform a risk assessment or monitor programmatic performance for the seven subrecipients selected.

A nonstatistical sample of ten subrecipients (seven applicable to the Authority) was selected for testing. The Authority received an audit report for the seven subrecipients tested. However, there was no evidence that the Authority had reviewed the audit report.

We recommend the Department and the Authority enhance internal controls to ensure compliance with subrecipient monitoring requirements.

*State's Response:*

From NDE:

Condition A: Corrected

Condition B: Partially corrected

Condition C: N/ A-The State Public School Authority is the responsible agency

The Nevada Department of Education has made significant progress in implementing a subrecipient risk assessment and monitoring schedule. Although the finalization of the revised risk assessment tool and completion of reviewing each subrecipient's score was not completed until late August due to COVID-19 outbreak challenges. The Department is on track to provide subrecipients with their revised risk score by October 1, 2020. A revised schedule based on the newly assigned levels of risk has been developed and monitoring will begin in November 2020.

From SPCSA:

Condition A- Corrected on 7/1/2019 and it was not retroactive; Condition B - Partially Corrected; Condition C - Partially Corrected

Condition B & C - The process of developing protocols for conducting subrecipient risk assessment and appropriate monitoring, including review of subrecipient audits, have been ongoing in FY20, but full implementation cannot be attained until FY21.

The Authority has developed risk assessment protocols and tools and is in the process of disseminating risk assessment and monitoring protocols and procedures (including review of audits) to all stakeholders. The SPCSA is in the process of conducting a risk assessment of its subrecipients (expected completion October 2020) and will then implement subrecipient monitoring, including review and follow up on subrecipient audits/audit findings, through the remainder of FY21. Ongoing technical assistance and training related to risk assessment, monitoring, and audit review will also be provided to stakeholders.

The Authority has taken steps to develop processes and procedures to evaluate each subrecipient's risk of non-compliance and to develop protocols for appropriate subrecipient monitoring, including the review of subrecipient audits and follow up on subrecipient audit findings.

*Status:*

Partially corrected.

**2019-027: U.S. Department of Education  
Rehabilitation Services Vocational Rehabilitation Grants to States,  
CFDA 84.126**

**Earmarking  
Material Weakness in Internal Control over Compliance**

*Initial Fiscal Year  
Finding Occurred:* 2019

*Finding Summary:* Affects grant award #H126A180041 included under CFDA 84.126.

The OMB Compliance Supplement indicates that states must reserve and expend at least 15 percent of pre-employment transition services to students with disabilities who are eligible, or potentially eligible, for VR services.

Pre-employment transition services were not expended at the minimum 15 percent.

The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have adequate internal controls to ensure pre-employment transition service expenditures were at least 15 percent of the VR allotment expended.

Pre-employment transition services were underfunded.

No sampling was used. Total expenditures were \$18,531,753, which would require at least \$2,779,763 to be expended towards pre-employment transition services. However, only \$2,082,080 was spent, which is a deficit of \$697,683.

We recommend the Department enhance internal controls to ensure compliance with earmarking requirements.

*State's Response:*

**Nevada DETR's Response**

DETR Rehabilitation Division recently developed a Fiscal Technical Manual for Pre-Employment Transition Services (Pre-ETS) (Attachment C). It established policy and internal controls related to the establishment of the Pre-ETS reserve fund; defined reasonable, necessary, allocable and allowable Pre-ETS expenditures; and outlined expenditure recording, reporting and monitoring. Since the Division began implementing Pre-ETS in FFY2016, the Division has been focusing on expanding service delivery year-over-year, and implementing new programs and initiatives appropriate to these federal mandates. Each year the VR program has increased Pre-ETS expenditures, including in FFY2018 in which the

program had more expenditures than in the previous two years. The Division is getting closer to expending the full amount of the Pre-ETS reserve funds, and is adjusting strategies and internal controls to continue closing that gap.

During Nevada VR's monitoring conducted by the Rehabilitation Services Administration (RSA) in September 2018, the Division was informed by RSA that their expectation related to expending the Pre-ETS reserve funds was simply to see increasing efforts and increased expenditures year-over-year until the VR program could expend the full reserve amount and do so in a conscientious manner. RSA did not state that Nevada VR should immediately expend the full 15% reserve, but rather that they wanted to see progress toward that end. It was more important to RSA, and indeed to the Division, to ensure quality services are provided, and that Pre-ETS expenditures are reasonable, necessary, allocable and allowable, rather than to expend the full reserve without thought to those criteria.

**Updated Nevada DETR Response as of September 2020**

Nevada VR has not been able to make progress on this finding. Nevada's Governor issued his Declaration of Emergency on March 12, 2020 due to the COVID-19 pandemic. Nevada VR offices were subsequently closed on March 17. The Governor issued a hiring freeze, which included contractors. Therefore, Nevada VR lost 3 of its 4 transition coordinators whose jobs were to liaison with schools to arrange for the delivery of Pre-ETS. Additionally, VR was considered "non-essential" in Nevada. With that status, Nevada VR was only able to resume delivering services to clients in mid-April when DETR provided Nevada VR with a cloud VPN solution so staff could work from home. Those services were of a limited scope, until recently. As of July, Nevada VR resumed delivering all services to clients, as needed and as available. One of our contracted transition coordinators will be able to resume her duties as of August 31. Delivery of Pre-ETS will increase, however, due to the pandemic shutdown, Nevada VR will not have increased its delivery of Pre-ETS this year over the prior year.

Estimated Date of Completion:           September 2022

Contact Person:           Shelley Hendren, Administrator, DETR Vocational Rehabilitation (VR) Division

*Status:*                   Not corrected.

**2019-028, 2018-027,  
2017-024, 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 and Material  
Noncompliance**

*Initial Fiscal Year*

*Finding Occurred:* 2016

*Finding Summary:* Affects all grant awards included under CFDA 84.126 on the Schedule of Expenditures of Federal Awards.

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

Information in the Case Service Report (RSA-911) was reported inaccurately or not supported by underlying information.

The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have adequate internal controls to ensure key data elements in the RSA-911 were accurate or supported by underlying information.

Inaccurate information was reported to the federal awarding agency.

A nonstatistical sample of 60 out of 2,467 individuals included on the RSA-911 report was selected for testing. Of the 60 individuals tested, we noted seven instances where a copy of the signed application was not maintained in support of the reported application dates. We also noted one instance where an applicant date reported did not agree to the underlying application.

Additionally, we noted one instance of an incorrect start of employment date reported.

We recommend the Department enhance internal controls to ensure key data elements in the RSA-911 are accurate and supported by underlying information.

*State's Response:*

**Nevada DETR's Response**

There are multiple contributing factors that were at play to contribute to these findings. These programmatic challenges have all been addressed or have plans in motion to address them. The first, and most important change is that on April 22, 2019 Nevada Vocational Rehabilitation (VR) went live with AWARE. AWARE is a cloud-based case management system designed, built and maintained by Alliance Enterprises, Inc. For the first time, Nevada VR can capture and meet all the reporting requirements of the RSA-911 report. In addition to being impossible to meet the reporting requirements in our prior system, it was also very difficult to be data compliant in real time. This challenge can be seen in the part of the finding where the application date did not match the date in the system. If staff were working with a client out of the office, such as a transition student, it was very difficult to print the plan, deliver and sign the plan and get it scanned back into the system all in the same day, so all signature dates matched.

Now, with AWARE being cloud-based, and with the purchase of tablet computers with portable printers, rehabilitation counselors have been able to write, print, get signatures and capture plans all on the same day in the field. Furthermore, this streamlining will be greatly enhanced when Nevada VR receives authority to implement DocuSign. This will enable clients to sign documents electronically, in real time, and have the signed documents go straight into the client's casefile in AWARE. This much anticipated tool should be in place within 6 months.

We have also worked to maximize our annual maintenance allocation to pay for enhancements to AWARE. One enhancement we are awaiting is the ability for the supervisor to check a box on the IPE when it has been approved, rather than approval being noted by the signature start date of the reviewing supervisor, which forced the alignment of the review, and the in-person meeting with the client to sign the plan. Between DocuSign and the indicator of supervisory review, there should be greater compliance with signature start dates.

Lastly, Nevada VR has utilized the pop-up reminders in AWARE before leaving specific decision point screens, to ensure that not only is the information present, but prompting counselor consideration of its accuracy and impact.

**Issue #1 no complete signed application:**

Nevada VR acknowledges the absence of appropriate documentation on 6/7 cases reviewed.

Exception found: Case NV00000xxxxx #xxxxx (redacted) did in fact have a date stamp, all pages present and counselor and client signature dates match: (image redacted)

**Issue #2 Start date of employment in AWARE not matching the RSA-911:**

Exception found: Case#xxxxx (redacted) There is no use of continued employment and there are distinct start and end dates for the first job, and the second job. The 10/22/18 job should have been reported on the RSA-911, but for some reason, beyond the scope or responsibility of field staff, it is reporting the 7/06/18 date. This error has been submitted to Alliance Enterprises for correction in AWARE. (image redacted)

**Issue #3 No date stamp on application. System date in AWARE of 11/14/18, application date 11/27/18:**

For case #xxxx (redacted) there is proof in the attachments in AWARE that the application was signed on 11/14/18. It is agreed that the counselor neglected to sign and date the application, but the client signed on 11/14/18. The case was entered into the case management system of the time (RAISON) on 11/27/18. (image redacted)

**Updated Nevada DETR Response as of September 2020**

AWARE has been operating for a year since its implementation and warranty period ended. Staff are now comfortable with the tool, which is greatly improved over the previous case management system. To add to our efficiency, DocuSign went live in the VR program in April 2020. Staff and clients have both embraced its usage in this pandemic environment. Lastly, staff are actively utilizing the of pop-up reminders, as described above.

Nevada VR was unable to purchase the enhancement that was described in our previous response. That enhancement would have allowed a supervisor to check a box on the IPE when it has been approved, rather than approval being noted by the signature start date of the reviewing supervisor. Nevada VR intends to add this enhancement in the future, as funding permits. Due to current circumstances related to the pandemic and 19% budget reductions, this has been delayed. However, we believe the combined efficiencies that have already been implemented, as described, have corrected this finding for Nevada VR.

Estimated Date of Completion: September 2020

Contact Person: Shelley Hendren, Administrator, DETR Vocational Rehabilitation (VR) Division

*Status:* Partially corrected.

**2019-029:**

**U.S. Department of Health and Human Services  
Child Support Enforcement, CFDA 93.563  
TANF Cluster:  
Temporary Assistance for Needy Families, CFDA 93.558  
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  
Children's Health Insurance Program (CHIP), CFDA 93.767**

**Allowable Costs/Cost Principles  
Significant Deficiency in Internal Control over Compliance**

*Initial Fiscal Year  
Finding Occurred:*

2019

*Finding Summary:*

Affects all grant awards included under CFDA 93.563, 93.558, 93.778, and 93.767 on the Schedule of Expenditures of Federal Awards.

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.

Cost allocation was not updated to reflect changes in total costs, thus not reflecting final actual amounts.

The Nevada Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure final expenditure amounts were allocated.

Administrative costs claimed were inaccurate.

Questioned Costs: Less than \$25,000 for each major program individually and in the aggregate.

No sampling was used; total allocated expenditures for the programs were reconciled to supporting records.

We recommend the Division enhance internal controls to ensure final expenditure amounts are allocated.



*State's Response:* The Division's cost allocation system (AlloCap) was implemented in April 2020 and all quarters for FY20 were processed through this system to ensure all expenditures have been accounted for. Due to the current COVID crisis, the Division has not had adequate time to update the internal control documents to reflect the procedures implemented. The fiscal unit is currently working on updating the internal controls and expects this to be completed within SFY21.

*Status:* Partially corrected.

**2019-030: U.S. Department of Health and Human Services  
TANF Cluster:  
Temporary Assistance for Needy Families (TANF), CFDA 93.558**

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

*Initial Fiscal Year  
Finding Occurred:* 2019

*Finding Summary:* Affects all grant awards included under CFDA 93.558 on the Schedule of Expenditures of Federal Awards.

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

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

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.

A. The information required by Uniform Guidance was not communicated.

B. Monitoring was not performed in accordance with established policies to ensure that the subaward was used for authorized purposes.

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 the Department did not have internal controls in place to ensure the monitoring took place.

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 were tested. This program had one subrecipient at the Department and it was tested. None of the subawards contained all the required information. In addition, the Department did not monitor its subrecipient.

We recommend the Division and the Department implement internal controls to ensure subawards include all information required by Uniform Guidance and the Department ensure procedures are put in place to monitor subrecipients during the year.

*State's Response:* From NDE:  
Corrected on June 30, 2020.

From DWSS:  
Corrected on June 30, 2020.

*Status:* Corrected.

**2019-031: U.S. Department of Health and Human Services  
Temporary Assistance for Needy Families, CFDA 93.558**

**Special Tests and Provisions – Penalty for Refusal to Work Significant  
Deficiency in Internal Control over Compliance**

*Initial Fiscal Year*  
*Finding Occurred:* 2019

*Finding Summary:* Affects all grant awards included under CFDA 93.558 on the Schedule of Expenditures of Federal Awards.

The OMB Compliance Supplement states that a State agency must reduce or terminate the assistance payable to the family if an individual in a family receiving assistance refuses to work, subject to any good cause or other exemptions established by the State.

Assistance payments were not terminated timely.

The Nevada Division of Welfare and Social Services (the Division) did not have adequate internal controls to ensure assistance was terminated timely for non-compliant participants.

Assistance was provided to ineligible participants.

Questioned Costs: \$1,052 in known questioned costs. Projected questioned costs are not accurately determinable in this circumstance but are potentially greater than \$25,000 given the error rate in the context noted below.

A nonstatistical sample of 60 refusal to work cases out of a population of 2,686 was selected for testing. Two of the cases did not have assistance terminated timely. One participant received assistance payments for one additional month and the other for three additional months after they were ineligible.

We recommend the Division enhance internal controls to ensure assistance is terminated timely for non-compliant participants.

*State's Response:* Due to the health crisis that began in March 2020, the Business Process Reengineering (BPR) for the TANF Employment and Training Program has been delayed and was not rolled out in May 2020. The BPR is currently moving forward and should be rolled out before November 2020.

*Status:* Corrected.

**2019-032, 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**

*Initial Fiscal Year  
Finding Occurred:* 2018

*Finding Summary:* Affects all grant awards included under CFDA 93.563 on the Schedule of Expenditures of Federal Awards.

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

Subawards did not include information that indicated whether the award was a Research and Development (R&D) award. In addition, the CFDA number was not identified at the time of disbursement.

The Nevada Division of Welfare and Social Services (the Division) did not have adequate internal controls in place to ensure subawards addressed the R&D requirement and that the CFDA number was communicated on all disbursements.

Subrecipients may not record or classify grant funds appropriately.

Questioned Costs: None

A nonstatistical sample of three subawards out of a population of 12 was selected for testing. None of the subawards contained the R&D information. In addition, we selected a nonstatistical sample of 60 payments to subrecipients out of a population of 562 and 33 of the payments did not identify the award's CFDA number. However, the 33 payments identified were all prior to February 2019.

We recommend the Division enhance internal controls to ensure all required elements are communicated in the subawards and that the Division continue to follow procedures implemented in February 2019 for communicating the CFDA number on subrecipient disbursements.

*State's Response:* Corrected on April 1, 2020.

*Status:* Corrected.

**2019-033, 2018-037,  
2017-028, 2016-036,  
2015-039, 2014-039: U.S. Department of Health and Human Services  
Foster Care – Title IV-E, CFDA 93.658**

**Allowable Costs/Cost Principles  
Significant Deficiency in Internal Control over Compliance**

*Initial Fiscal Year*  
*Finding Occurred:* 2014

*Finding Summary:* Grant Award Number: Affects all grant awards included under CFDA 93.658 on the Schedule of Expenditures of Federal Awards.

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.

In a certain instance, a provider was paid more than once for foster care services for a specific child on the same day.

The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls to ensure that the provider was paid only once for foster care services for a specific child on the same day.

Unallowable costs were charged to the federal program.

Questioned Costs: None, as known and projected questioned costs did not exceed \$25,000.

We selected a nonstatistical sample of 60 providers, which represented approximately 700 months of service. We noted one instance where a provider was paid more than once for foster care services for a specific child on the same day, representing 1 day of service.

We recommend the Division enhance internal controls to ensure that a provider is paid only once for foster care services for a specific child on a specific day.

*State's Response:* A duplicate payment authorization was given in error. Since February 2019, a Concurrency Rule has been written into system code which prevents duplicate payments from being entered into UNITY without Supervisor and Information Services' permission.

*Status:* Corrected.

**2019-034, 2018-038: U.S. Department of Health and Human Services  
Child Welfare Services State Grants, CFDA 93.645  
Foster Care – Title IV-E, CFDA 93.658  
Adoption Assistance, CFDA 93.659  
Social Services Block Grant, CFDA 93.667**

**Allowable Costs/Cost Principles  
Material Weakness in Internal Control over Compliance**

*Initial Fiscal Year*

*Finding Occurred:* 2018

*Finding Summary:* Affects all grant awards included under CFDA 93.645, CFDA 93.658, CFDA 93.659, and CFDA 93.667 on the Schedule of Expenditures of Federal Awards.

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.

Allocation methods used in cost allocation did not agree to the approved cost allocation plan. In addition, allocation statistics were not supported by underlying information.

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 and allocation statistics were accurate.

Administrative costs claimed were inaccurate.

Questioned Costs: Costs were overclaimed or underclaimed for each program as follows:

Child Welfare Services, State Grants: \$89,618 Foster Care – Title IV-E: (\$118,099) Adoption Assistance: (\$91) Social Services Block Grant: \$119,473

A nonstatistical sample of two out of four quarters of cost allocation was originally selected for testing. The errors noted in the two quarters were adjusted for all four quarters to determine the questioned costs. We examined all the allocation methods and statistics used for those two quarters tested.

We recommend the Division enhance internal controls to ensure the cost allocation plan narrative appropriately reflects allocation methods and allocation statistics are accurate.

*State's Response:* For the quarter ending 12/31/2019, changes were made to the allocation methods in AlloCAP to accurately reflect changes to the PACAP narrative which was submitted 12/19/2019.

Cost allocations for the periods ending 9/30/2018, 12/31/2018, 3/31/2019 and 6/30/2019 were revised and prior quarter adjustments were made on the period ending 12/31/2020 CB-496 report.

On May 7, 2021, Quarterly Cost Allocation procedures were updated to include a validation process to confirm the most recent Cost Allocation Plan narrative matches AlloCAP and requires signature review confirmation.

*Status:* Not corrected.

**2019-035, 2018-041,  
2017-031, 2016-041: U.S. Department of Health and Human Services  
Foster Care – Title IV-E, CFDA 93.658**

**Subrecipient Monitoring  
Significant Deficiency in Internal Control over Compliance**

*Initial Fiscal Year  
Finding Occurred:* 2016

*Finding Summary:* Affects all grant awards included under CFDA 93.658 on the Schedule of Expenditures of Federal Awards.

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires that pass-through entities ensure that every subaward includes certain information at the time of the subaward.

Subawards did not include certain information required by Uniform Guidance.

The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls to ensure subawards contained all required information.

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

The entire population of two subawards was tested. Neither of the subawards contained all the required information.

We recommend the Division implement internal controls to ensure subawards contain all required information.

*State's Response:* Although the Departments subaward template has been updated to include most of the information required by Uniform Guidance, the subaward template still did not include all of the information required.

The Department has updated its subaward template effective July 1, 2019 to include all information required by Uniform Guidance.

*Status:* Corrected.

**2019-036, 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  
Significant Deficiency in Internal Control over Compliance**

*Initial Fiscal Year  
Finding Occurred:*

2018

*Finding Summary:* Affects grant award #G-1901NVFOST included under CFDA 93.658 and grant award #G-1901NVADPT included under CFDA 93.659 on the Schedule of Expenditures of Federal Awards.

Title 2 Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires the State of Nevada to prepare a Schedule of Expenditures of Federal Awards (SEFA) showing both total federal expenditures and payments to subrecipients for the year.

Amounts were originally reported incorrectly on the SEFA.

The Nevada 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.

Prior to correction, the total federal expenditures on the SEFA were understated by \$322,564 for Foster Care and \$618,384 for Adoption Assistance and pass-through payments were overstated by \$130,051 for Foster Care and \$490,468 for Adoption Assistance.



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

We recommend the Division enhance internal controls to ensure total federal expenditures and payments to subrecipients are appropriately reported on the SEFA.

*State's Response:* Expenditure general ledger numbers dedicated to subrecipient payments were used.

The internal procedures for SARF/SEFA reporting have been revised to exclude non-subrecipient costs. Beginning in FY 2020, the agency changed the general ledger numbers used for contractual obligations.

For state fiscal year 2020, the agency journal vouchered all contractual expenses previously coded to a subrecipient general ledger number to a contract related general ledger number.

*Status:* Corrected.

**2019-037: U.S. Department of Health and Human Services  
Adoption Assistance, CFDA 93.659**

**Matching, Level of Effort, and Earmarking and Reporting  
Material Weakness in Internal Control over Compliance and Material  
Noncompliance**

*Initial Fiscal Year  
Finding Occurred:* 2019

*Finding Summary:* Grant Award Number: Affects all grant awards included under CFDA 93.659 on the Schedule of Expenditures of Federal Awards.

Criteria: The OMB Compliance Supplement indicates that a Title IV-E agency is required to spend an amount equal to any savings in state expenditures under Title IV-E as a result of applying the differing program eligibility rules to applicable children for a fiscal year for any services that may be provided under Title IV-B or IV-E.

Agencies must calculate the adoption savings and report annually to the Administration for Children and Families the methodology used, the amount of savings, and how the savings are spent. Agencies report this information on the Title IV-E Programs Annual Adoption Savings Calculation and Accounting Report (CB-496, Part 4).

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

Condition: The amount of savings expended were reported inaccurately.

Cause: The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls to ensure the amount of expenditures from adoption savings were accurately tracked and reported.

Effect: Inaccurate information was reported to the federal awarding agency and adoption savings have not been utilized to supplement services.

Context/Sampling: No sampling was used; the annual adoption savings are reported annually. Prior year cumulative savings expenditures in Section B of the CB-496, Part 4 were reported as \$3,231,314. However, the Division has not yet implemented a program to utilize its savings and those expenditures are not supported by underlying information.

Recommendation: We recommend the Division enhance internal controls to ensure the amount of expenditures from adoption savings are accurately tracked and reported.

*State's Response:* In March 2020, internal controls were enhanced to ensure the amount of expenditures resulting from adoption savings are accurately tracked and reported. Revised Adoption Savings Reports have not yet been submitted to the federal awarding agency.

*Status:* Partially corrected.

**2019-038, 2018-044,  
2017-034:**

**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**

*Initial Fiscal Year  
Finding Occurred:* 2017

*Finding Summary:* Affects all grant awards included under CFDA 93.767 on the Schedule of Expenditures of Federal Awards.

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

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.

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.

Inaccurate information may have been reported to the federal awarding agency.

A nonstatistical sample of two CMS-21 reports out of four was selected for testing. Lines 25 and 33, in total, were overstated by \$110,365 on the December 31, 2018 CMS-21 report and by \$5,150 on the March 31, 2019 CMS-21 report (Total Computable Column).

We recommend the Division enhance internal controls to ensure CMS-21 reports are reported accurately.

*State's Response:* The Federal reporting team's procedures are being updated to include review and sign off by all staff, supervisors, and Administrators, so that all mistakes are caught prior to certification. This will also include a reconciliation of draw completed during the quarter to what is being reported. This will ensure that all lines are reported in their correct totals. The procedures and reconciliations will be put into place by the end of the June 2021 quarter.

*Status:* Not corrected.

**2019-039:** **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:* 2019

*Finding Summary:* Affects all grant awards included under CFDA 93.778 on the Schedule of Expenditures of Federal Awards.

The OMB Compliance Supplement requires that non-federal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. To ensure compliance with Eligibility, the Nevada Division of Welfare and Supportive Services (the Division) has instituted a policy requiring a case manager to approve eligibility determinations (applications).

There was no discernible evidence of the date applications were received and reviewed by the Division.

The Division did not follow (or have evidence of following) its internal control policy to have all paper applications reviewed, and date stamped.

Failure to evaluate all eligible months may occur, which could lead to lack of eligibility payments to the applicant and possible underpayments.

A nonstatistical sample of 60 out of 107,260 Modified Adjusted Gross Income (MAGI) eligibility determinations was selected for testing. Three applications did not have discernible evidence of the date the application was received and approved by the Division.

We recommend the Division follow its own internal control policy to have paper applications reviewed and date stamped upon receipt.

*State's Response:* Corrected on March 13, 2020.

*Status:* Corrected.

**2019-040: 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 – ADP Risk Analysis and System  
Security Review  
Material Weakness in Internal Control over Compliance and Material  
Noncompliance**

*Initial Fiscal Year*  
*Finding Occurred:* 2019

*Finding Summary:* Affects all grant awards included under CFDA 93.775, CFDA 93.777, and CFDA 93.778 on the Schedule of Expenditures of Federal Awards.

The OMB Compliance Supplement requires State Medicaid Agencies (SMA) to establish and maintain a program for conducting periodic risk analyses to ensure that appropriate and cost-effective safeguards are incorporated into new and existing systems. This includes performing risk analyses whenever significant system changes occur. SMAs shall review the ADP system security installations involved in the administration of HHS programs on a biennial basis. At a minimum, the reviews shall include an evaluation of physical and data security operating procedures, and personnel practices.

No review over the ADP system was completed.

The Nevada Division of Health Care Financing and Policy (the Division) did not have internal controls to ensure an ADP review was completed when required.

Security of the ADP system may be insufficient.

No sampling was used. The Division implemented major system changes in February 2019. In addition, the biennial ADP system review was also required as the previous ADP system review was completed in June 2017.

We recommend the Division implement internal controls to ensure an ADP review is completed when required.

*State's Response:* In response to CMS recommendation 2019-40, the Division of Health Care Financing & Policy amended the existing contract with Public Knowledge to have BulletProof SI (a sister company of Public Knowledge) perform the required biennial Security Risk Assessment going forward. A full Risk Assessment is currently in progress and is scheduled to be completed on September 30th, 2020. The resulting assessment reports and any associated mitigation plans will be communicated to Eide Bailey and CMS.

*Status:* Partially corrected.

**2018-004, 2017-008,  
2016-010, 2015-027: U.S. Department of Agriculture  
Special Supplemental Nutrition Program for Women, Infants, and  
Children (WIC), CFDA 10.557**

**Subrecipient Monitoring  
Material Weakness in Internal Control over Compliance 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.

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.

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.

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 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.

We recommend the Division enhance internal controls to ensure compliance with subrecipient monitoring requirements.

*State's Response:* Prior to the Auditor III being hired, February 24, 2020, the Management Analyst III, Management Analyst I, and Accounting Assistant III, were ensuring audit reports are being received, reviewed, followed up, logged and tracked through completion. They also work with the assigned Administrative Services Officer, and program staff to ensure the Management review and corrective actions/findings are reviewed and approved by Division Administration. Currently, the Auditor III is being trained on the processes to take over much of this duty.

*Status:* Corrected.

**2018-005, 2017-009,  
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 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 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 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.

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.

*State's Response:*

Status of Corrective Action: Office of the Military has implemented the corrective action internally on November 2017 and Division of Public Works has implemented corrective action on February 2018 to include required applicable provisions described in Appendix II to Part 200. Suspension and Debarment verification procedures were also implemented by the agency on November 2017. Corrective action plan was implemented ongoing, not retroactively.

*Status:*

Corrected.



**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**

*Initial Fiscal Year*

*Finding Occurred:* 2018

*Finding Summary:*

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

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

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.

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.

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.

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.

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.

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.

*State's Response:*

**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.

**Follow-up Response by US DOL Grant Officer on June 20, 2019**

We recommend that management 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, management 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 agreement to clearly distinguish procurement contracts from sub-awards.

**Nevada DETR’s Response in August 2019**

Nevada DETR Financial Management (FM) Bureau has been adding the required Federal provisions to all contracts.

**Nevada DETR’s Updated Response in September 2020**

There is no change to the prior update as Nevada DETR Financial Management (FM) Bureau has been adding the required Federal provisions to all contracts.

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.

**Follow-up Response by US DOL Grant Officer on June 20, 2019**

We recommend that management 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, management 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 agreement to clearly distinguish procurement contracts from subawards.

**Nevada DETR’s Response in August 2019**

Nevada DETR WISS will continue to assure that the directives that have been given by U.S. DOL are followed.

**Nevada DETR’s Updated Response in September 2020**

There is no change to the prior update as Nevada DETR WISS will continue to assure that the directives that have been given by U.S. DOL are followed.

Estimated Date of Completion:       Going Forward

Contact Person:           Kristine Nelson, DETR ESD WISS Chief

*Status:*                   Partially corrected.

**2018-021, 2017-018,  
2016-023, 2015-017:**

**U.S. Department of Education  
Title I Grants to Local Educational Agencies, CFDA 84.010  
Special Education Cluster:  
Special Education-Grants to States, CFDA 84.027  
Special Education-Preschool Grants, CFDA 84.173**

**Cash Management**

**Material Weakness in Internal Control over Compliance and Material Noncompliance**

*Initial Fiscal Year*

*Finding Occurred:*   2015

*Finding Summary:*

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

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

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

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

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

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

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

We recommend the Department enhance internal controls to ensure adequate supporting documentation is always maintained for Federal cash draws.

*State's Response:* The state has limited staff capacity which has exacerbated this issue. The number of draws will be increased from once per week to twice per week in order to alleviate federal funds being held longer than the allowed period. In addition, steps will be taken to make sure that adequate supporting documentation is maintained for all federal draws.

*Status:* Not Corrected

**2018-024, 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 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) 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.

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.

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 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.

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.

*State's Response:*

**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.

**Nevada DETR’s Updated Response - May 2019**

In response to inquiries from U.S. DOE-RSA, Nevada DETR VR staff provided the following:

Of the four contracts of this kind (Third Party Cooperative Arrangements or “TPCAs”), three have been signed. Here is the status of these four contracts, about correcting this finding:

- Truckee Meadows Community College (TMCC) – Was approved 5/14/19. We are still awaiting an official copy of the contract. The most current copy is attached.
- Washoe County School District (WCSD) – Was submitted to our Financial Management Contracts Unit (FMCU) for final processing. This contract is scheduled for the 6/11/19 Board of Examiners Meeting for final approval.
- Western Nevada College (WNC) – Was submitted to our Financial Management Contracts Unit (FMCU) for final processing. This contract is scheduled for the 6/11/19 Board of Examiners Meeting for final approval.
- Clark County School District (CCSD) – This is scheduled to be discussed and approved by CCSD at its Board of Trustee’s meeting on 5/16/19. Our contract at CCSD has committed to sending to us the approved, signed copy of the contract on 5/17/19. We will sign and submit it to Financial Management Contracts Unit (FMCU) for final processing that same day. The Governor’s Finance Office deadline to get this contract on the agenda for the Board of Examiners meeting in June is 5/18/19. We are hopeful this contract will be scheduled for the 6/11/19 Board of Examiners Meeting for final approval.

All four contracts have had the old language changed to now incorporate the required preferred language. Other contracts were reviewed and outside of TPCAs, do not contain the subrecipient references. In addition, Nevada’s Deputy Attorney General staff reviewed all the TPCA contracts and provided legal guidance on 7/27/18 on the subrecipient references that needed to be removed.

**Nevada DETR’s Updated Response in September 2020**

Of the contracts mentioned in the May 2019 update, these were all completed, effective July 1, 2019. Copies of these contracts were previously submitted.

Estimated Date of Completion: July 2019

Contact Person: Shelley Hendren, Administrator, DETR Vocational Rehabilitation (VR) Division

*Status:* Partially corrected.

2018-025, 2017-022,  
2016-030:

**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**

*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 vehicle.

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 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.



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.

*State's Response:*

**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.

**Nevada DETR's Updated Response - May 2019**

In response to inquiries from U.S. DOE-RSA, Nevada DETR VR staff provided the following:

The status of adding the attachment to existing contracts is as follows: Since many of these contracts were not expiring this year, we determined to amend all 45 so that we could add this required contract attachment.

Here are the current statuses of the 45 VR contracts:

- 12 Contracts have been amended (completed)
- 17 Contracts with the state DOE and each of the local school districts will be replaced with new contracts. Currently, the statements of stipulation on those contracts are being updated.
- 5 Contracts with Tribes are in process. These do not yet have signatures.
- 4 Contracts are at the Financial Management Contracts Unit for final processing.
- 7 Contracts are awaiting Vendor signatures.

It is expected that all 45 contracts will be amended to include the attachment by September 6, 2019 or before.

**Nevada DETR's Updated Response in September 2020**

All current contracts have this provision added.

Estimated Date of Completion:           September 2019

Contact Person:           Shelley Hendren, Administrator, DETR  
Rehabilitation Division

*Status:*

Partially corrected.

**2018-028, 2017-023,  
2016-027, 2015-008: U.S. Department of Education  
Rehabilitation Services Vocational Rehabilitation Grants to States,  
CFDA 84.126**

**Special Tests and Provisions – Completion of IPEs  
Material Weakness in Internal Control over Compliance**

*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. Furthermore, the IPE must be developed no later than 90 days after the individual has been determined eligible for services.

IPEs were not always scanned into the case file or were prepared outside of the 90 day timeframe.

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.

Vocational Rehabilitation participants may not be receiving benefits consistent with their individualized plan for employment.

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.

We recommend the Department enhance internal controls to ensure participants' IPEs are completed in a timely manner and maintained in the case file.

*State's Response:*

**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.

**Nevada DETR's Updated Response - May 2019**

In response to inquiries from U.S. DOE-RSA, Nevada DETR VR staff provided the following:

DETR Rehab's new case management system, Aware VR, did not go live on April 22, 2019. One interface is currently being tested (through May 31, 2019) and the analytics tool doesn't go online until the week of June 17, 2019. All other parts of this system are operating. Staff are using it for case management purposes. Our old system, RAISON is no longer available. All data conversion processes are complete.

It is important to note that the AWARE VR case management system has several built-in internal prompts and some case load layout features that may be customized by the counselors to remind them of the number of days that a client is in various statuses. The "To Do" feature on the Case Management Page will come up to remind the counselor that some action item is required to be completed. The AWARE VR system will not allow the case to move forward unless the "To Do" action is completed.

"Activity Due" Layout features include: Agency Activity Due reminders that are automatically created by AWARE VR and custom Activity Due items as well.

The Agency Activity Due items include: VR Core Activity Due items like Eligibility, Plan Due, Trial Work End, Trial Work Review, Extended Evaluation End, Extended Delayed Status Contact, Service End, PES End, Annual Review, 6-month Review, 6-month PES Review and Closure. OIB Core Activity Due items include: Eligibility, Plan Due, and Service End. The Custom Activity Due items are defined and created by the staff user to set reminders for any purpose. There are various Layout options that staff can create to bring up their caseloads on an everyday basis. Another Option is to utilize Caseload Layout for Aging Reports.

Copies of the training agendas are provided. (See response under 2018-023). The Vocational Rehabilitation Chief responsible for reviewing cases pending IPE date and /or an extension with an associated justification is Mechelle Merrill.

### **Nevada DETR's Updated Response in September 2020**

There are multiple contributing factors that were at play to contribute to these findings. These programmatic challenges have all been addressed or have plans in motion to address them. There are two significant changes that have impacted this finding. The first, and most important change is that on April 22, 2019 Nevada Vocational Rehabilitation (VR) went live with AWARE. AWARE is a cloud-based case management system designed, built and maintained by Alliance Enterprises, Inc. For the first time, Nevada VR can capture and meet all the reporting requirements of the RSA-911 report since the Workforce Innovation and Opportunity Act (WIOA) became law.

The second highly impactful change was the addition of DocuSign to the signature process for all documents in AWARE. In addition to being impossible to meet the reporting requirements in our prior system, it was also very difficult to be data compliant in real time. Now, with AWARE being cloud-based, and with the purchase of DocuSign and tablet computers, Rehabilitation Counselors have been able to write, send/email, get signatures and capture plans all on the same day. This has been highly impactful during the COVID-19 pandemic, to enable Rehabilitation Counselors working from home to work with their clients who they cannot meet with in person. This streamlining has enabled clients to sign documents electronically, in real time, and have the signed documents go straight into the client's case file in AWARE.

To ensure all Rehabilitation Counselors understand the importance of timely IPE development, NBVR now requires all new Counselors take training on the newly developed e-Rehab platform as it relates to IPEs. Additionally, all counselors will take this training annually as a refresher. Rehabilitation Supervisors and Managers routinely review weekly Aging reports and perform quarterly case file reviews of 100% of each counselor case load. Supervisors and Managers notify Counselors to act on cases without an IPE at 80 days, including completion of the IPE or an

extension. Based upon Quality Assurance case reviews and quarterly reviews, Supervisors and Managers develop goals and strategies on common issues noted in the reviews and utilize mentorship from high performing counselors and specialized formal training to ensure improvement.

The e-Rehab training platform updates were initially completed on July 16, 2020 by San Diego State University. Small issues were noticed, and revisions were then made with the final product completed on July 27, 2020. On July 23, 2020 the Deputy Administrator sent an email to statewide managers informing them that e-Rehab was complete and reminding them of the requirement of all new staff, upon hire, and all staff annually, to complete e-Rehab, which includes specific training on IPE timeframes. Administration is tracking mandatory completion of e-Rehab for all counselors with a deadline of September 30, 2020.

Lastly, in compliance with 34 C.F.R. §§ 361.45(a)(1) and (e) to ensure IPEs are developed within the statutory 90-day time frame from the date of eligibility determination, NBVR has reviewed cases for two consecutive quarters demonstrating a 90% compliance in the 2nd quarter and a 91% compliance in the 3rd quarter which is considered compliant and meeting standards by the Rehabilitation Services Administration (RSA).

Estimated Date of Completion: September 30, 2020

Contact Person: Mechelle Merrill, Deputy Administrator, DETR Rehabilitation Division

*Status:* Partially corrected.

**2018-030, 2017-035: U.S. Department of Health and Human Services  
Immunization Cooperative Agreements, CFDA 93.268  
Block Grants for Prevention and Treatment of Substance Abuse,  
CFDA 93.959**

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

*Initial Fiscal Year  
Finding Occurred:*

2018 for Immunization Cooperative Agreements, 2017 for Block Grants for Prevention and Treatment of Substance Abuse.

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

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

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

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

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

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

A nonstatistical sample of 40 procurement transactions out of 636 was selected for testing, including 12 contracts subject to Appendix II to Part 200 for Block Grants for Prevention and Treatment of Substance Abuse. Seven of the 12 contracts were missing certain applicable provisions and no suspension and debarment verification procedures were performed for one of the recipients.

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

*State's Response:* 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 Division has requested the standard templates for all contracts, including statewide contracts, be updated to include applicable provisions by the State Purchasing Division. As of September 1, 2020, this request has not been approved. The Division of Public and Behavioral Health Contract Unit has revised the Division's contract template to add the required federal provisions for Appendix II to Part 200 specific to Suspension/Debarment, Anti-Lobbying, Federal Water Pollution and Clean Air/Clean Water Act.

As of April 15, 2019, the State Public Works Division has updated the State Lease templates with the required federal language.

The Division has developed an annual process in State fiscal Year 21 to conduct suspension and debarment verifications for all contractors that receive federal funds to ensure division-wide compliance of this requirement.

*Status:* Partially corrected.

**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**

*Initial Fiscal Year  
Finding Occurred:* 2018

*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.

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.

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.

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 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.

We recommend the Division enhance internal controls to ensure compliance with subrecipient monitoring requirements.

*State's Response:*

The Division subaward, Section A, Grant Assurances, #7, provides for the required language per 2 CFR 200.501. Additionally, section E, of all subawards, require every subrecipient to validate federal expenditures over \$750,000 and must be completed prior to the subaward being completely signed. Additionally, each subrecipient is required to complete



the risk assessment questionnaire which is evaluated by the program staff. The Division of Public and Behavioral Health Contract Unit have created a checklist to ensure the risk assessment is complete. Each risk assessment is maintained with the subaward to ensure compliance.

A Single Audit Policy and Procedure was developed and although is currently being utilized, The Division of Public and Behavioral Health Grants Administration Unit is revising the process.

The Division of Public and Behavioral Health Contract Unit will be providing updated training to Division staff to ensure all current procedures for subawards are followed.

*Status:* Not corrected.

**2018-034, 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  
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.

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 contracts under Federal awards contained all of the applicable provisions.

Contractors may not be aware of required terms and conditions.

A nonstatistical sample of 60 procurement transactions out of 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.

We recommend the Division enhance internal controls to ensure all contracts under Federal awards contain all applicable provisions.

*State's Response:* Corrected on September 11, 2019.

*Status:* Corrected.

**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**

*Initial Fiscal Year  
Finding Occurred:* 2018

*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 vehicle.

Suspension and debarment verification procedures were not always performed prior to entering into covered transactions.

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.

Payments could be made to recipients who were suspended or debarred.

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.

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.

*State's Response:* Corrected on September 11, 2019.

*Status:* Corrected.

**2018-049, 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.

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.

The Nevada Division of Public and Behavioral Health (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 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.

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

*State's Response:*

As of April 1, 2017, the agency implemented the “CFDA number, name and amount” within the “Additional Description” field of all payment vouchers. The Accounting Unit and Grant Management Unit provided additional training to ensure compliance.

As of July 1, 2017, The Bureau of Behavioral Health Wellness and Prevention (SAPTA Program) conducts monitors on its subrecipients on a two-year rotating basis. At the time a monitor is scheduled, the single audit is downloaded from the Federal Audit Clearinghouse (if applicable and available) and reviewed. The monitor staff review this single audit to review the independent CPA’s risk assessment of the subrecipient and to determine if any of the findings are related to the Bureau’s funding sources and/or grant management issues in general. During the monitor, the monitor staff review all risk assessment requirements established in Title 2 of the Code of Federal Regulations Part 200. Upon completion of the monitor, the monitor staff formalize their findings and establish a risk level for the subrecipient. This risk level determines the frequency of monitors and technical assistance that the subrecipient is to receive moving forward. Additionally, this level is reviewed later when a decision is needed to fund the subrecipient for future funding opportunities. The two-year rotating basis for subrecipient site visit monitoring was accepted as a corrective action plan. However, during the follow up procedures performed by Eide Bailly it was discovered that during the interim (off years) no monitor was performed. The Program will ensure a desk review or reimbursement request backup documentation audit will be performed on the subrecipient to satisfy the interim year requirement.

As of July 1, 2018, Risk Assessment tools were developed collaboratively by Division Fiscal and Program staff and has been implemented. However, the Program staff did not document a reason for the risk level selected on the Subrecipient Questionnaire form. The Program will ensure documentation is noted as to the reason for the risk assessment level selected for the subrecipient.

The SAPTA Program will also provide updated training to staff to ensure all current procedures for risk assessment and monitoring procedures are performed and documented.

As of March 15, 2019, the agency has updated the templates for subawards per guidance of 2 CFR Part 200. Training of Fiscal/Grants Management Unit staff has been completed to ensure current procedures are followed.

*Status:* Partially corrected.

Sincerely,

A handwritten signature in cursive script that reads "Catherine E. Byrne".

Catherine Byrne, CPA  
State Controller

**State of Nevada  
Department of Employment, Training and Rehabilitation (DETR)  
Responses to UI Trust Fund Audit Findings**

**Year 2020**

**For the Year Ended June 30, 2020**

**CORRECTIVE ACTION PLAN**

**Unemployment Fraudulent Benefit Payments  
Material Weakness**

**Finding 2020-001**

Fraudulent unemployment benefit payments were paid.

**Recommendation**

We recommend DETR work with the federal agencies involved in the unemployment fraud task force to identify and attempt recovery of fraudulent payments.

In addition, we further recommend that DETR improve information system internal controls to enhance data analytics as well as manual internal controls to better detect and prevent fraud.

**Nevada DETR's Response**

Nevada DETR management recognized the immensity of the task given it as the Pandemic and its impact ravaged the Nevada UI system. Nevada DETR management is and has been taking aggressive steps to heighten verification efforts and prevent /detect fraud in this program.

- DETR has been vigilant in identifying fraud schemes and preventing improper benefit payments to the hundreds of thousands of fraudulent claims that have been filed since March 2020. The Nevada UI Benefit Payment Control Unit (BPC) has been actively engaged with national and local law enforcement agencies, USDOL, the National Association of State Workforce Agencies (NASWA) Integrity Center, the current debit card vendor Bank of America, and other technology vendors such as On Point Technologies, ID.me, GSI, and Pondera in a continuing effort to identify, prevent, and cease fraudulent benefit payments. The program is continuing to partner with these entities to address new and developing cyber-fraud schemes in this ever-changing environment.
- DETR reviews claims on an ongoing basis. DETR paid out approximately \$5 billion in PUA benefits and have to date stopped payment and prevented an estimated \$8.7 billion in improper payments based on identity verification alone. 638,287 issues as of 04-16-21 (denied on ID issue) X \$13,700 (average collected on a PUA claim) = \$ 8.7 billion.

- Staff review lists of claims created by ISA or IDP, which highlight multiple types of known fraud indicators. Those claims are reviewed, and data analysis takes place to tie any additional fraudulent claims together. DETR provided the B of A analytics to stop payment and is the driver for the majority of the prevented improper payments. BPC developed strategies to identify and stop these claims (many before payments were issued). If payments were made, we exercised the tactic of recalling funds deposited to fraudulent claimant accounts to recover the funds. This recall tool was used very minimally in the past but has been beneficial to use during this crisis.
  
- DETR fraud measures estimated timeline below.
  - 2015 – Data analytics reports developed to detect known fraudulent hallmarks
  - 2020 – Data analytics reports adjusted, and additional reports added to detect new fraudulent patterns discovered during the pandemic.
  - April 2020 – Approval from administration/ legal to recall remaining fraudulent funds paid out which will result in over 100 million dollar returns to Nevada Unemployment Trust Fund.
  - December 2020 -reCaptcha implemented in PUA to combat bot activity by bad actors.
  - February 2021 – Clear ID validations and will be disqualifying further fraudulent claims currently having payment held.
  - February 2021 Two Factor Authentication implemented in PUA to combat fraudulent actors from receiving benefits.
  - March 2021 crossmatching claim data with Department of Corrections and Vital Statistics to stop fraud.
  - March 2021 OnPoint UI claims report tool extended. Working on UI Data needs for Jaspersoft reporting tool.
  - March 2021 Pondera Fraudcaster and Case Tracker Tool data from PUA and UINV setup began to track fraud cases through follow-up with law enforcement cases, collections, and post investigation closure.
  - March 22, 2021 – ID. Me continued and initial PUA claims identity validation. Initial claims went down from 500 per day to 50 per day. As of 04-13-21 56, 657 identities have been verified and 10,206 known fraud claims have been stopped. As well as 3062 more suspected fraud that need further investigation
  - April 2021 exchange claim data with NASWA Integrity Data Hub to crossmatch fraud data and take action on fraud hallmark data returned.
  
  - DETR continues to work with our partners in an ongoing effort to resolve these issues for claimants while protecting claimants. Crossmatching DMV, Vital Statistics (deceased) and Department of Corrections incarcerated data is being used to stop these bad actors. Claims data compared to NASWA’s National Integrity Data Hub and returned with suspected fraud matches in other

states. The agency will continue to focus on getting eligible Nevadans paid while addressing fraud in the State.

- The USDOL has made supplemental monies available to states in their efforts to combat fraud. DETR is pursuing implementing ID. Me in the regular UI system. Further IT development is underway to stop these bad actors in the claim filing process reducing the fraud backlog and cost to the department and delay of payment for valid claimants.
- And finally, with respect to Recovery, DETR coordinates on a regular basis with Local Law Enforcement officials, the Attorney General's Office, the Office of Inspector General, the Secret Service Office, Postal Inspectors and the Federal Bureau of Investigation (FBI) to recover funds through forfeiture and seizures.

Date of Completion: Ongoing

Contact Person: *Nancy St. Clair, Deputy ESD Administrator, DETR/ESD (775)684-0325, [njstclair@detr.nv.gov](mailto:njstclair@detr.nv.gov)*

## **Financial Close and Reporting**

### **Finding 2020-002**

Adjustments were needed in cash, accounts receivable, benefits payable, and intergovernmental payables (as well as relate expense and revenue accounts). These accounts were not timely reconciled to the underlying support and thus required significant adjustment.

### **Recommendation**

We recommend DETR implement internal controls to provide for the appropriate and timely review of the general ledger as part of its financial close process.

### **Nevada DETR's Response**

DETR is in the process of implementing internal controls to provide appropriate and timely review of the general ledger as part of the financial close process. Additionally, DETR has requested an additional staff position, Trust Fund Accountant, to manage the Unemployment Compensation Enterprise Fund, associated policies, general ledger, and the financial statements. This will greatly strengthen the overall process for the department.

Estimated Date of Completion: October 2021

Contact Person: Kathleen DeSocio, MSM, CGFM  
Chief Financial Officer, Financial Management Section  
[kbdesocio@detr.nv.gov](mailto:kbdesocio@detr.nv.gov)





OFFICE OF THE  
STATE CONTROLLER

**CORRECTIVE ACTION PLAN FOR AUDIT FINDING**

**Audit Finding 2020-003**

**Finding:** The June 30, 2020 bank reconciliation for the outside bank accounts includes an unexplained variance of \$7,691,973 between the book balance and the bank balance.

**Recommendation:** We recommend the Controller's Office enhance internal controls to ensure the bank reconciliation variances are researched and resolved in a timely manner.

**Agency Response**

**Does the Agency Agree with Finding:** Yes

**Additional Comments:** None

**Corrective Action Taken or to be Taken**

**Action:** Controls will be reviewed and enhanced to ensure the bank reconciliation variances are researched and resolved in a timely manner.

**Date of Completion or Estimated Completion:** Estimated completion December 2021

**Department or Agency Responsible for Corrective Action Plan**

**Agency:** Controller's Office  
**Contact:** Michaela Woodburn, Chief Accountant  
101 N. Carson Street, Suite 5  
Carson City, NV 89701  
775-684-5615  
mwoodburn@controller.state.nv.us



STEVE SISOLAK  
Governor

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

Kristina L. Swallow, PE, Director

In Reply Refer to:

## CORRECTIVE ACTION PLAN FOR AUDIT FINDING

### Audit Finding 2020-004

**Finding:** Physical inventory counts are performed during the months of April and May each year; however, there are no roll-forward procedures in place to determine what the year-end inventory balance should be as of June 30. Inventory Reports used to record the inventory balance stockpile by locations throughout the State of Nevada did not agree to the balance recorded by the Department of Transportation (NDOT). In addition, during our audit procedures, the invoices provided to support inventory pricing significantly varied from the unit price used in the inventory balance.

**Recommendation:** We recommend the State of Nevada enhance internal controls, policies, and procedures to provide for the appropriate observation, valuation, and recording of inventory and related expenditures.

### Agency Response

**Does the Agency Agree with Finding:** Yes

**Additional Comments:** The Department of Transportation (NDOT) runs inventory reports for each stockpile in the system. Every year, NDOT sends out to the maintenance crews an inventory sheet for their stockpiles at the beginning of April. The field crews are responsible for measuring their stockpiles and filling out the inventory forms with actual "on the ground" totals. When we receive those completed forms, we then compare them to the reports we generate from EAMS. If the counts are within a +/- 5% range, we enter into EAMS that this stockpile has been audited and leave it alone. If the totals are off by more than the +/- 5%, we check to see if there were any incorrect purchases, missing purchases, or incorrect usage on work orders, etc., and get those corrected. After that, NDOT reconciles the stockpiles in EAMS and records the totals to what was reported on the forms from the field crews. We do this for every stockpile that maintenance has in the State. After the stockpiles are either audited or reconciled, we fill out an inventory spreadsheet and send a copy to accounting with the year-end totals.

NDOT's field inventory reports do not agree with EAMS due to incorrect reporting from the field crews on usage. As a result, there have been incorrect measurements from prior years being carried over and several other human mistakes. In addition, NDOT has multiple stockpile locations, with several of them in remote areas, which makes it challenging for NDOT staff to oversee and validate accuracy on a once-a-year basis.

The unit price is entered when a purchase is made; EAMS adds any labor or equipment that is used when anything is done to that stockpile. (i.e., hauling, mixing.) NDOT uses the weighted-average inventory cost method to bill each price per unit, which is how the unit cost in EAMS is being calculated. Under this method, the cost of goods available for sale (beginning inventory plus net purchases) is divided by the number of units available for sale to obtain a weighted average cost per unit. Ending inventory and cost of goods sold are then priced at this average cost. Unfortunately, during the implementation of the EAMS system, the test environment and all the sample transactional activity were converted into the production environment. This is causing some slightly miscalculated unit cost (weighted-average cost) values. NDOT is currently adjusting for these trial transactions as they are found; however, this adds to some discrepancies with the unit price (weighted-average cost). Unfortunately, NDOT's IT team and the implementation company cannot remove the test environment transactions, so staff is left to manually find these test entries and make the necessary corrections as they are discovered.

NDOT has a year-end stockpile inventory procedure process document for staff to follow. In addition, NDOT has a stockpile conversion factor chart for staff to use when they do not have the actual weight of raw material.

### **Corrective Action Taken or to be Taken**

**Action to be Taken:** NDOT STAFF proposes a procedural change to perform quarterly reconciliation of inventory and price checks. This change is so staff can catch discrepancies earlier and make the necessary correction promptly. In addition, NDOT is partnering with the Pavement Engineering & Science Program Civil and Environmental Engineering Board of Regents, on behalf of The University of Nevada, Reno (UNR), to provide technical assistance on the accurate measurement of NDOT's stockpile inventories records & management for maintenance activities. This will help NDOT formulate a more thorough raw inventory measurement calculation, which will be rolled out to each NDOT field location. This will bring all NDOT's locations onto one formula-based measurement calculation.

NDOT is updating the EAMs system with one data field change and two error invoice entry checkpoint validations. First, NDOT is adding the total auto-calculated field in EAMs, so when the user enters the quantity and unit price, the total field will match the invoice amount, which will help users verify they entered the invoice into EAMs correctly. In addition, NDOT will be adding an error check to validate the unit price is not changing the weighted-average unit price within an error range up or down by 10%. If an invoice does push the unit price past this margin of error range, the system will stop the user from saving that invoice and require a manager review. The second error check requires the user to attest to what they just keyed into the EAMs system, confirming the invoice, quantity, unit price, and total invoice amount matches. Once the user clicks the approval button that they all match, the invoice will be saved in EAMs. These steps will build validation checkpoints into the EAMs system and enforce the internal control around the invoice entry process.

Also, suppose anyone wants to verify an invoice was entered correctly. In that case, the user can open the history table in EAMS, which lists all the invoices that were entered for that particular inventory stockpile. This feature is already running for users and/or reviewers to validate individual invoices were entered into EAMS correctly.

Exhibit A shows the Transaction History for one material aggregate inventory class, including the supporting invoices for the highlighted receipts. As you can tell from matching the invoices, they do not match perfectly; the entries were entered in by rounding the quantities received. The outlined changes above will eliminate and/or mitigate these differences.

NDOT staff will continue manually locating all the test entries and making the necessary corrections.

**Date of Completion or Estimated Completion:** By March 31, 2022

### **Department or Agency Responsible for Corrective Action Plan**

**Agency:** Nevada Department of Transportation, Maintenance & Asset Management Division  
**Contact:** Bill Walter, Maintenance Coordinator II  
1263 S. Stewart Street  
Carson City, NV 89712  
775-888-7853

# EXHIBIT A

Material Inventory / C179 - Storm x +

redacted

Apps INDOT - Home Sign in to your acco... EAMS R2 UAT

NEVADA DOT Resources Labor Equipment Materials Operations Reports H9050W...

Resources > Materials > Material Inventory Save Reload

- Class Codes Actions
- Materials
- Maintenance Materials
  - Maintenance Stockpiles
  - Aggregate
    - Chips
    - Cinders
    - Dry-chemical Anti-icing Agent
    - Glass Beads
    - Liquid Asphalt
    - Liquid Asphalt MC 800
    - Liquid-chemical Anti-icing Agent
    - Mastic Crackfiller
    - Premix
    - Rubberized Crackfiller
    - Salt and Chlorides
    - Salt and Sand
    - Salt Brine
    - Sand
    - Sea Salt
    - Sign
    - Sign Posts
    - Traffic Paint - White
    - Traffic Paint - Yellow

Inventory Transaction History

Inflow Actions

Transaction description	Effective Date	Quantity	Measurement Unit	Unit Cost	Total Cost
Mix	3/25/2021	552	CUYD - Cubic Yard	2.7349637681159416	\$1,509.70
Mix	3/29/2021	612.9	CUYD - Cubic Yard	3.001957905041605	\$1,839.90
Mix	3/25/2021	515	CUYD - Cubic Yard	3.8009708737864076	\$1,957.50
Mix	3/31/2021	672	CUYD - Cubic Yard	2.4240625	\$1,628.97
Mix	3/31/2021	273.3	CUYD - Cubic Yard	5.776070252469813	\$1,578.60
Correction	4/19/2021	5750	CUYD - Cubic Yard	73.8153669739279	\$424,438.36
Receipt	6/30/2020	1012	TON - Ton	90	\$91,080.00
Receipt	6/30/2020	1007	TON - Ton	90	\$90,630.00
Receipt	6/30/2020	1016	TON - Ton	90	\$91,440.00
Receipt	6/30/2020	1025	TON - Ton	90	\$92,250.00
Receipt	6/30/2020	1008	TON - Ton	90	\$90,720.00
Receipt	6/30/2020	1018	TON - Ton	90	\$91,620.00

<< < 1 of 12 total rows >>

STATE OF NEVADA

DECENTRALIZED PURCHASE ORDER

SHOW THIS NUMBER  
ON ALL RELATED  
DOCUMENTS

REFER INQUIRES TO: ISABEL

CONFIRMING ORDER - SUPERSEDES PRIOR ORDERS W/ SAME NUMBER

SHIP TO: TRANSPORTATION DEPT OF DISTRICT I - LAS VEGAS  123 E WASHINGTON AVE LAS VEGAS NV 89125-0170	Failure to indicate the correct Purchase Order number on your invoice and/or failure to submit invoices properly as indicated on the Order can delay processing of payment.	PURCHASE ORDER NO.  PD 800NDAPR54862
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DATE: 06/25/20	FY: 20	PAGE: 001 of 001	BID/CONTRACT NO.:	TERMS	FOB POINT: DESTINATION	DELIVERY DATE: 05/28/20
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VENDOR:  redacted  redacted	INVOICE TO: TRANSPORTATION DEPT OF EQUIPMENT DIVISION/STOCKROOM  310 GALLETTI WAY SPARKS NV 89431
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ITEM NO.	DESCRIPTION	QUANTITY AND UNIT	UNIT PRICE	EXTENDED PRICE
001 *	75077 Sand and Gravel  INVOICE #352905, 6/22/20, \$92262.60 APR #54862, RIPRAP CLASS 150 OTC #S975, PG 9, ITEM 32 NEIL NELSON	1,025.14 TON	90.000	92,262.60
			SUB TOTAL	92,262.60
			GRAND TOTAL	92,262.60

*6/25* *7/7*

Line	Fund	Agency	Org Sub	Appr Unit	Activity	Function	Obj Sub	Job No.	Rept Cat	Amount
01	201	800	C767	466004	9190		787U			92,262.60

*C179*

<i>Jay Leubert</i> RECEIVED BY	<i>6/25/20</i> DATE	<i>Wayne Miller</i> DEPT. APPROVING AUTHORITY
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redacted

# Invoice

Date	Invoice #
6/22/2020	352905
Due Date	7/2/2020

Bill To
Nevada Department of Transportation 123 E. Washington Las Vegas, Nv 89101

P.O. No.	Terms	Project
APR 54862	net 10 days	

Quantity	Description	Rate	Amount
1,025.11	Class 150 Rip Rap delivered to US95 clark county mp 52.1 Ordered by Neil Nelson APR #54862	90.00	92,262.60
	sales tax	8.265%	0.00
		<b>Total</b>	\$92,262.60

~~Only available Documentation:  
To be used as Original Invoice~~

APR 54862

OK to pay bill at 6/23/2020

Phone #
redacted

STATE OF NEVADA

DECENTRALIZED PURCHASE ORDER

SHOW THIS NUMBER  
ON ALL RELATED  
DOCUMENTS

REFER INQUIRES TO: ISBAEL

CONFIRMING ORDER - SUPERSEDES PRIOR ORDERS W/ SAME NUMBER

SHIP TO: TRANSPORTATION DEPT OF DISTRICT I - LAS VEGAS  123 E WASHINGTON AVE LAS VEGAS NV 89125-0170	Failure to indicate the correct Purchase Order number on your invoice and/or failure to submit invoices properly as indicated on the Order can delay processing of payment.	PURCHASE ORDER NO.  PD 800NDAPR54863
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DATE: 07/02/20	FY: 20	PAGE: 001 of 001	BID/CONTRACT NO.:	TERMS:	FOB POINT: DESTINATION	DELIVERY DATE: 05/28/20
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VENDOR:  redacted   redacted	INVOICE TO: TRANSPORTATION DEPT OF EQUIPMENT DIVISION/STOCKROOM  310 GALLETTI WAY SPARKS NV 89431
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ITEM NO.	DESCRIPTION	QUANTITY AND UNIT	UNIT PRICE	EXTENDED PRICE
001 *	75077 SAND AND GRAVEL  INVOICE #352903, 6/22/20, \$90685.80 APR #54863, RIPRAP CLASS 300 OTC #S975, PG 8, ITEM 29 NEIL NELSON	1,007.62 TON	90.000	90,685.80
			SUB TOTAL	90,685.80
			GRAND TOTAL	90,685.80

Line	Fund	Agency	Org/Sub	Appr Unit	Activity	Function	Obj/Sub	Job No.	Rept Cat	Amount
01	201	800	C767 C179	466004	9190		787U			90,685.80

<i>Just Greenblatt</i> RECEIVED BY	7/2/20 DATE	<i>Wayne Wilson</i> DEPT. APPROVING AUTHORITY
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DISTRIBUTION

AGENCY




redacted

# Invoice

Date	Invoice #
6/22/2020	352903
Due Date	7/2/2020

<b>Bill To</b>
Nevada Department of Transportation 123 E. Washington Las Vegas, Nv 89101

P.O. No.	Terms	Project
APR 54863	net 10 days	

Quantity	Description	Rate	Amount
1,007.62	Class 300 Rip Rap delivered to clark county I-15 MP115.1 Ordered by Neil Nelson APR #54863 sales tax	90.00	90,685.80
		8.265%	0.00
 <p>“Only available Documentation: To be used as Original Invoice”</p>			
APR 54863			
OK to pay check 6/23/2020			
Phone #		<b>Total</b>	\$90,685.80

Phone #
redacted



STATE OF NEVADA

DECENTRALIZED PURCHASE ORDER

SHOW THIS NUMBER  
ON ALL RELATED  
DOCUMENTS

REFER INQUIRES TO: ISABEL

CONFIRMING ORDER - SUPERSEDES PRIOR ORDERS W/ SAME NUMBER

SHIP TO: TRANSPORTATION DEPT OF DISTRICT I - LAS VEGAS  123 E WASHINGTON AVE LAS VEGAS NV 89125-0170	Failure to indicate the correct Purchase Order number on your invoice and/or failure to submit invoices properly as indicated on the Order can delay processing of payment.	PURCHASE ORDER NO.  PD 800NDAPR54864
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DATE: 07/02/20	FY: 20	PAGE: 001 of 001	BID/CONTRACT NO.:	TERMS:	FOB POINT: DESTINATION	DELIVERY DATE: 05/28/20
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VENDOR:  redacted  redacted	INVOICE TO: TRANSPORTATION DEPT OF EQUIPMENT DIVISION/STOCKROOM  310 GALLETTI WAY SPARKS NV 89431
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ITEM NO.	DESCRIPTION	QUANTITY AND UNIT	UNIT PRICE	EXTENDED PRICE
001 *	75077 Sand and Gravel  INVOICE #352906, 6/22/20, \$91610.10 APR #54864, RIPRAP 150 OTC #S975, PG 34, ITEM 34 NEIL NELSON	1,017.89 TON	90.000	91,610.10
			SUB TOTAL	91,610.10
			GRAND TOTAL	91,610.10

Line	Fund	Agency	Org Sub	Appr Unit	Activity	Function	Obj Sub	Job No.	Rept Cat	Amount
01	201	800	C767  C779	466004	9190		787U			91,610.10

<i>Jessie Acenb...</i>	7/2/20	<i>W. Wayne Miller</i>
RECEIVED BY	DATE	DEPT. APPROVING AUTHORITY

DISTRIBUTION

AGENCY


redacted

# Invoice

Date	Invoice #
6/22/2020	352906
Due Date	7/2/2020

<b>Bill To</b>
Nevada Department of Transportation 123 E. Washington Las Vegas, Nv 89101

P.O. No.	Terms	Project
APR 54864	net 10 days	

Quantity	Description	Rate	Amount
1,017.89	Class 150 Rip Rap delivered to I-15 clark county mp 115.1 Ordered by Neil Nelson APR #54864	90.00	91,610.10
	sales tax	8.265%	0.00
 <p>"Only available Documentation: To be used as Original Invoice"</p>			
<p>APR 54864</p> <p>OK to pay <i>chil chil</i> 6/23/2020</p>			

Phone #
redacted

<b>Total</b>	\$91,610.10
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STATE OF NEVADA

DECENTRALIZED PURCHASE ORDER

SHOW THIS NUMBER  
ON ALL RELATED  
DOCUMENTS

REFER INQUIRES TO: ISABEL

CONFIRMING ORDER - SUPERSEDES PRIOR ORDERS W/ SAME NUMBER

SHIP TO: TRANSPORTATION DEPT OF DISTRICT 1 - LAS VEGAS  123 E WASHINGTON AVE LAS VEGAS NV 89125-0170	Failure to indicate the correct Purchase Order number on your invoice and/or failure to submit invoices properly as indicated on the Order can delay processing of payment.	PURCHASE ORDER NO.  PD 800NDAPR54859
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DATE: 06/25/20	FY: 20	PAGE 001 of 001	BID/CONTRACT NO.:	TERMS:	FOB POINT: DESTINATION	DELIVERY DATE: 05/28/20
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VENDOR:  redacted   redacted	INVOICE TO: TRANSPORTATION DEPT OF EQUIPMENT DIVISION/STOCKROOM  310 GALLETTI WAY SPARKS NV 89431
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ITEM NO	DESCRIPTION	QUANTITY AND UNIT	UNIT PRICE	EXTENDED PRICE
001 *	75077 Sand and Gravel  INVOICE #352902, 6/22/20, \$90594.90 APR #54859, RIPRAP 300 OTC #S975, PG 8, ITEM 25 NEIL NELSON	1,006.61 TON	90.000	90,594.90
			SUB TOTAL	90,594.90
			GRAND TOTAL	90,594.90

Line	Fund	Agency	Org Sub	Appr Unit	Activity	Function	Obj Sub	Job No.	Rept Cat	Amount
01	201	800	C767 C179	466004	9190		787U			90,594.90

<i>[Signature]</i> RECEIVED BY	6/25/20 DATE	<i>[Signature]</i> DEPT. APPROVING AUTHORITY
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DISTRIBUTION

AGENCY


redacted

# Invoice

Date	Invoice #
6/22/2020	352902
Due Date	7/2/2020

<b>Bill To</b>
Nevada Department of Transportation 123 E. Washington Las Vegas, NV 89101

P.O. No.	Terms	Project
APR 54859	net 10 days	

Quantity	Description	Rate	Amount
1,006.61	Class 300 Rip Rap delivered to clark county US 95 mp 98.9. Ordered by Neil Nelson APR #54859 sales tax	90.00	90,591.90
		8.265%	0.00
 <p>• Only available Documentation to be used as Original Invoice</p>			
<p>APR 54859</p> <p>OK to pay <i>Neil Nelson</i> 6/23/2020</p>			

Phone #
redacted

<b>Total</b>	\$90,591.90
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STATE OF NEVADA

DECENTRALIZED PURCHASE ORDER

SHOW THIS NUMBER  
ON ALL RELATED  
DOCUMENTS

REFER INQUIRES TO: ISABEL

CONFIRMING ORDER - SUPERSEDES PRIOR ORDERS W/ SAME NUMBER

SHIP TO: TRANSPORTATION DEPT OF DISTRICT I - LAS VEGAS  123 E WASHINGTON AVE LAS VEGAS NV 89125-0170	Failure to indicate the correct Purchase Order number on your invoice and/or failure to submit invoices properly as indicated on the Order can delay processing of payment.	PURCHASE ORDER NO.  PD 800NDAPR54860
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DATE: 06/25/20	FY: 20	PAGE: 001 of 001	BID CONTRACT NO:	TERMS:	FOB POINT: DESTINATION	DELIVERY DATE: 05/28/20
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VENDOR:  redacted  redacted	INVOICE TO: TRANSPORTATION DEPT OF EQUIPMENT DIVISION/STOCKROOM  310 GALLETTI WAY SPARKS NV 89431
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ITEM NO.	DESCRIPTION	QUANTITY AND UNIT	UNIT PRICE	EXTENDED PRICE
001 *	75077 Sand and Gravel  INVOICE #352901, 6/22/20, \$91084.50 APR #54860, RIPRAP 150 OTC #S975, PG 9, ITEM 30 NEIL NELSON	1,012.05 TON	90.000	91,084.50
			SUB TOTAL	91,084.50
			GRAND TOTAL	91,084.50

4/25 7/7

Line	Fund	Agency	Org Sub	Appr Unit	Activity	Function	Obj Sub	Job No	Rept Cat	Amount
01	201	800	C767 C779	466004	9190		787U			91,084.50

<i>Jeff Shumblot</i> RECEIVED BY	4/25/20 DATE	<i>Wanda Miller</i> DEPT. APPROVING AUTHORITY
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DISTRIBUTION

AGENCY



redacted

# Invoice

Date	Invoice #
6/22/2020	352901
Due Date	7/2/2020

<b>Bill To</b>
Nevada Department of Transportation 123 E. Washington Las Vegas, NV 89101

P O No	Terms	Project
APR 54860	net 10 days	

Quantity	Description	Rate	Amount
1,012.05	Class 150 Rip Rap delivered to US95 clark county mp 98.9. Ordered by Neil Nelson. APR #54860	90.00	91,084.50
	sales tax	8.265%	0.00
 <p>“Only available Documentation To be used as Original Invoice”</p>			
<p>APR 54860</p> <p>OK to pay  6/23/2020</p>			
Phone #		<b>Total</b>	\$91,084.50
redacted			

STATE OF NEVADA

DECENTRALIZED PURCHASE ORDER

SHOW THIS NUMBER  
ON ALL RELATED  
DOCUMENTS

REFER INQUIRES TO: ISABEL

CONFIRMING ORDER - SUPERSEDES PRIOR ORDERS W/ SAME NUMBER

SHIP TO: TRANSPORTATION DEPT OF DISTRICT I - LAS VEGAS  123 E WASHINGTON AVE LAS VEGAS NV 89125-0170	Failure to indicate the correct Purchase Order number on your invoice and/or failure to submit invoices properly as indicated on the Order can delay processing of payment.	PURCHASE ORDER NO.  PD 800NDAPR54861
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DATE: 06/25/20	FY: 20	PAGE: 001 of 001	BID/CONTRACT NO.	TERMS:	FOB POINT: DESTINATION	DELIVERY DATE: 05/28/20
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VENDOR:  redacted  redacted	INVOICE TO: TRANSPORTATION DEPT OF EQUIPMENT DIVISION/STOCKROOM  310 GALLETTI WAY SPARKS NV 89431
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ITEM NO	DESCRIPTION	QUANTITY AND UNIT	UNIT PRICE	EXTENDED PRICE
001 *	75077 Sand and Gravel  INVOICE #352904, 6/22/20, \$91409.40 APR #54861, RIPRAP CLASS 300 OTC #S975, PG 8, ITEM 27 NEIL NELSON	1,015.66 TON	90.000	91,409.40
			SUB TOTAL	91,409.40
			GRAND TOTAL	91,409.40

Line	Fund	Agency	Org Sub	Appr Unit	Activity	Function	Obj Sub	Job No	Rept Cat	Amount
01	201	800	C767 C179	466004	9190		787U			91,409.40

<i>Jan Lambert</i>	6/25/20	<i>Wesley Miller</i>
RECEIVED BY	DATE	DEPT. APPROVING AUTHORITY

DISTRIBUTION

AGENCY




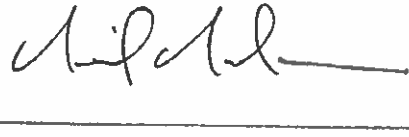
redacted

# Invoice

Date	Invoice #
6/22/2020	352901
Due Date	7/2/2020

<b>Bill To</b>
Nevada Department of Transportation 123 E. Washington Las Vegas, Nv 89101

P.O. No.	Terms	Project
APR 54861	net 10 days	

Quantity	Description	Rate	Amount		
1.015.66	Class 300 Rip Rap delivered to clark county US 95 mp 52.1. Ordered by Neil Nelson. APR #54861 sales tax	90.00	91,409.40		
		8.265%	0.00		
 "Only available Documentation To be used as Original Invoice"					
APR 54861 OK to pay  6/23/2020					
<table border="1"> <tr> <td>Phone #</td> </tr> <tr> <td>redacted</td> </tr> </table>		Phone #	redacted	<b>Total</b>	\$91,409.40
Phone #					
redacted					





STEVE SISOLAK  
Governor

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

Kristina L. Swallow, PE, Director

In Reply Refer to:

**CORRECTIVE ACTION PLAN FOR AUDIT FINDING**

**Audit Finding 2020-004**

**Finding:** Accounts Payable of \$505,641 related to two expenses, noted below, that were fully recorded in FY21; however, the invoice covered one day accrual in FY20. As such, we estimated the one day accrual based on a 5 day working week to be as follows:

Document Number	Amount	FY20	FY21
PV80000005135891	1,417,597.70	283,520	1,134,078
PV80000005135893	1,110,608.56	222,122	888,487
Total		505,641	

The internal controls in place did not ensure that payments made after year-end were recorded in the accounting period in which the services were provided.

**Recommendation:** We recommend the State of Nevada enhance internal controls, policies, and procedures to provide for the appropriate observation, valuation, and recording of inventory and related expenditures.

**Agency Response**

**Does the Agency Agree with Finding:** No

**Additional Comments:**

**2020**

APRIL - 4							MAY - 5							JUNE - 6						
SUN	MON	TUE	WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	FRI	SAT
			1	2	3	4					1	2	<sup>25</sup> 1	2	3	4	5	6		
5	<sup>22</sup> 6	7	8	9	10	11	3	<sup>24</sup> 4	5	6	7	8	9	7	8	9	10	11	12	13
12	13	14	15	16	17	18	10	11	12	13	14	15	16	<sup>1</sup> 14	15	16	17	18	19	20
19	<sup>23</sup> 20	21	22	23	24	25	17	<sup>25</sup> 18	19	20	21	22	23	21	22	23	24	25	26	27
26	27	28	29	30			24	25	26	27	28	29	30	28	<sup>2</sup> 29	30				
							31													
JULY - 7							AUGUST - 8							SEPTEMBER - 9						
SUN	MON	TUE	WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	FRI	SAT
			1	2	3	4						1			1	2	3	4	5	
5	6	7	8	9	10	11	2	3	4	5	6	7	8	6	<sup>1</sup> 7	8	9	10	11	12
12	<sup>3</sup> 13	14	15	16	17	18	9	<sup>5</sup> 10	11	12	13	14	15	13	14	15	16	17	18	19
19	20	21	22	23	24	25	16	17	18	19	20	21	22	<sup>8</sup> 20	21	22	23	24	25	26
26	<sup>4</sup> 27	28	29	30	31		23	<sup>6</sup> 24	25	26	27	28	29	27	28	29	30			
							30	31												

payment period beginning on Saturdays and ending on Fridays, which is indicated on the calendar above with the dates circled in green. The Nevada Department of Transportation (NDOT) utilizes electronic software to process contractor payments so the State Controller's Office can generate contractor payments every two weeks.

Because NDOT processes contractor payment bi-weekly throughout the entire year, it is not always possible for the end of the FY to coincide with the contractor payment period. Therefore, the Construction Division works with Project Accounting to determine which payment period will coincide with/represent the end of the fiscal year, taking into account which fiscal year most of the payment period's work is performed.

NDOT handles contractor pay invoices consistent with ASC 605, Completed performance method. As our contractor payment estimated summary invoices show, the estimated ending date of July 10, 2020, indicates the completion of that performed work during the period. So, the NDOT payment date is based on the estimated period end date, which falls in line with the recognition of revenue under ASC 605 for the Completed performance method, which governs matching the respective expense liability from NDOT's.

For this audit finding, NDOT determined the end of FY 2020 to be June 25 pushing June 26 through June 30 in FY 21. The audit finding states work was performed during June 26 through June 30 since those working days were charged; this is incorrect. The assessment of working days, a contractor's performance of work, and NDOT acceptance of that work are all independent activities under the terms of the contract. Although the contractor(s) was working from June 26 through June 30, there wasn't any work documented for payment during those dates because NDOT had not received the required documentation from the contractor. NDOT does not consider the work complete and will not pay for any work until all required documentation is in place. As ASC 605 states, "Performance cannot be considered to have taken place until the performance of that final act occurs."

**Corrective Action Taken or to be Taken**

**Action:** None.

**Date of Completion or Estimated Completion:** n/a

**Department or Agency Responsible for Corrective Action Plan**

**Agency:** Nevada Department of Transportation, Project Management  
**Contact:** Nicholas Johnson, Division Chief  
1263 S. Stewart Street  
Carson City, NV 89712  
775-888-7318

**Agency:** Nevada Department of Transportation, Construction  
**Contact:** Samuel Lompa, Division Chief  
775-888-7662

**Agency:** Nevada Department of Transportation, Maintenance and Asset Management  
Division  
**Contact:** Bill Walter, Maintenance Management Coordinator 2  
775-888-7853



STEVE SISOLAK  
Governor

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

Kristina L. Swallow, P.E., Director

In Reply Refer to:

## CORRECTIVE ACTION PLAN FOR AUDIT FINDING

### Audit Finding 2020-004

**Finding:** Accounts receivable and unavailable revenue were overstated by \$1,771,505. The internal controls in place did not ensure that bad debt write-offs were accurately reflected in accounts receivable and unavailable revenue.

**Recommendation:** We recommend the State of Nevada enhance internal controls over accounts receivable.

### Agency Response

**Does the Agency Agree with Finding:** Yes

**Additional Comments:** On January 23, 2018, NDOT invoiced Las Vegas Valley Water District for \$1.8 million; however, communication on August 28, 2018, within the Utility division shows that the \$1.8 million billing was to be corrected and rebilled at \$63 thousand, but this was never shared with the accounting division. On March 11, 2019, the Utility department reached out to the Project Accounting team to inform them of this billing correction; however, information stalled within the accounting division between staff members. After delayed communications and some back and forth, the billing was corrected on September 30, 2020. Unfortunately, this was not a break in the internal controls; it was a failure in communication, staff loss, the COVID 19 outbreak, and employees being new to the remote working situation. These unprecedented events caused a lot of confusion and missed managing of work processes, including managing our aging report.

#### **Accounts Receivable Process:**

The Accounts Receivables process starts with entering the vendor information into the Advantage ERP system, which posts the billing invoice to the FDOT (NDOT) subsidiary ledger and the FSCO's (Controllers) ledger. Unfortunately, the dual-posting from FDOT to the FSCO subsidiary ledger can cause several issues and cause some unreconcilable differences. For example, some items may not cross over from FDOT to the FSCO system correctly or may not cross over at all. The current reconciliation process is to log these differences within the report as a reconciling item; however, the process has left a small accumulative immaterial rolling balance.

The FDOT subsidiary ledger Accounts Receivable entry into the advantage system sets up the payment receipt terms and starts the aging report clock and dunning procedures. As a result, NDOT relies on the account receivable aging report as our primary tool for evaluating collectability.

### Corrective Action Taken or to be Taken

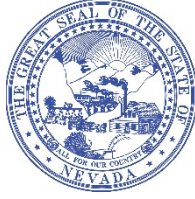
**Action to be taken:** Nevada Department of Transportation (NDOT) will be revising Policy 1-5-1, Accounts Receivable and Collection, memo and Policy 1-5-16, Property Damage Billings, memo. Both policies will be updated to include a monthly accounts

receivable reconciliation process, which will streamline the year-end closing process and help discover and correct billing discrepancies promptly. In addition, accounts receivable will also be responsible for sending out monthly aging report schedules to the General Accounting III supervisor, the Project Accounting supervisor, and the Chief Accountant. The General Accounting III supervisor will be responsible for ensuring all invoices 90 days or more outstanding are being followed up on and or written off and submitted to the Bad Debt/Collections Controller's office. NDOT submitted a Request for Exemption from NRS 353C.195 Debt Collection Assignment, requesting to manage our invoices for 120 days before writing them off and submitting them to the Controller's office. The Chief of Accounting will be responsible for reviewing the monthly aging report. Any invoice that is 120 days old will be reported on the weekly activity report to the Assistant Director, explaining why we have invoices of 120 days or more still on the aging report. More discovery and time are needed to resolve and/or answer the unreconciled rolling balance issue.

**Date of Completion or Estimated Completion:** By November 30, 2021

**Department or Agency Responsible for Corrective Action Plan**

**Agency:** Nevada Department of Transportation, Accounting Division  
**Contact:** Martin Hunter, Chief Accountant  
1263 S. Stewart Street  
Carson City, NV 89712  
775-888-7451



OFFICE OF THE  
STATE CONTROLLER

**CORRECTIVE ACTION PLAN FOR AUDIT FINDING**

**Audit Finding 2020-005**

**Finding:** Revenue related to CRF was overstated by \$16,376,678. In addition, revenue related to SNAP was understated by \$7,927,177.

**Recommendation:** We recommend the State of Nevada enhance internal controls to ensure that federal grant revenues are accurately recorded.

**Agency Response**

**Does the Agency Agree with Finding:** Yes

**Additional Comments:** None

**Corrective Action Taken or to be Taken**

**Action:** Controls have been put in place to ensure federal grant revenues are accurately recorded.

**Date of Completion or Estimated Completion:** Completed February 2021

**Department or Agency Responsible for Corrective Action Plan**

**Agency:** Controller's Office  
**Contact:** Gisele Geary, CAFR Accountant II  
101 N. Carson Street, Suite 5  
Carson City, NV 89701  
775-684-5614  
ggeary@controller.state.nv.us



STEVE SISOLAK  
Governor

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

Kristina L. Swallow, P.E., Director

In Reply Refer to:

## CORRECTIVE ACTION PLAN FOR AUDIT FINDING

### Audit Finding 2020-006

**Finding:** CIP – Infrastructure was understated by \$16,160,342. Infrastructure transfers were not recorded in the proper accounting period.

**Recommendation:** We recommend the State of Nevada enhance internal controls to ensure CIP additions are properly recorded.

### Agency Response

**Does the Agency Agree with Finding:** Yes

**Additional Comments:** On April 15, 2021, The Chief of Accounting met with the Road Data & Research Division Chief to thoroughly discuss the Roadway transfers activity report. The Roadway Division Chief explained that per agreement number: NM747-18-805-xxx, the State had accepted SR613, Summerlin Parkway transfer-in of operations and maintenance activities and cost, effective July 2019 (SFY20). However, the Right-of-Way (ROW) is expected to officially transfer to the State via a Quit Claim in September 2021 (SFY22).

We also have four roadway transfer outs that were included in SFY20 that are not due to transfer ROW until September 2021 (SFY 22) officially. The Roadway Division Chief explained that the county-owned portions have already been transferred and completed in July 2020 (SFY 21). The remaining portions owned by the City of Las Vegas (LV) are expected to be transferred by September 2021 (SFY22).

### Corrective Action Taken or to be Taken

**Action Taken:** All Nevada Department of Transportation (NDOT) Roadway Transfers in and/or out will only be counted as a capital asset upon the complete and official Right-of-Way (ROW) transfer board approved agreements. The Roadway Transfer Excel worksheet will be filled out and signed by the Road Data & Research Division Chief or His/her designee, confirming ROW transfer of miles has been finalized, which will be supported by the respective agreement(s). Accounting will continue with its current method for calculating the value of the miles that have been transferred.

**Date of Completion or Estimated Completion:** April 19, 2021

### Department or Agency Responsible for Corrective Action Plan

**Agency:** Nevada Department of Transportation, Road Data & Research  
**Contact:** Bob Madewell, CPM, Division Chief  
1263 S. Stewart Street  
Carson City, NV 89712  
775-888-7158

**Agency:** Nevada Department of Transportation, Accounting  
**Contact:** Martin Hunter, Chief Accountant  
775-888-7451

Steve Sisolak  
Governor



Nevada Department of  
**Public Safety**  
DEDICATION PRIDE SERVICE

George Togliatti  
Director

Sheri Brueggemann  
Deputy Director

David Fogerson  
Chief

## Division of Emergency Management Homeland Security

2478 Fairview Drive  
Carson City, Nevada 89701  
Telephone (775) 687-0300 / Fax (775) 687-0322  
DEM Website – <http://dem.nv.gov>

May 19, 2021

### **CORRECTIVE ACTION PLAN FOR AUDIT FINDING**

#### **Audit Finding 2020-007**

**Finding:** During the height of the COVID-19 pandemic, the State of Nevada received non-cash donations of Personal Protection Equipment (PPE) from federal and private donors. The State did not have internal controls in place to properly track, maintain, and record the quantity and value of the receipt or distribution of PPE.

**Recommendation:** We recommend the State of Nevada enhance internal controls to ensure public and private donations are accurately recorded and that an inventory of PPE be performed as of June 30, 2021 and annually going forward as needed.

#### **Agency Response**

**Does the Agency Agree with Finding:** Partially

**Additional Comments:** The Nevada Division of Emergency Management received non-cash donations of PPE from federal and private donors during the response to the COVID-19 Pandemic. Although the division did have internal controls in place and began tracking the donations as they were received, the records were not organized into an effective inventory tracking system until late in calendar year 2020. It is the division's understanding that this delay did not allow the State sufficient time to provide the necessary backup to resolve the finding.

#### **Corrective Action Taken or to be Taken**

**Action:** As of this response, the division has worked with the State Controller's Office to provide additional backup that should demonstrate the accurate recording of non-cash inventory. The division is also prepared to coordinate with the State Controller's Office and the auditors to perform another inventory of PPE around the time of June 30, 2021, and annually going forward as needed.

**Date of Completion or Estimated Completion:** Estimated completion  
July 2021

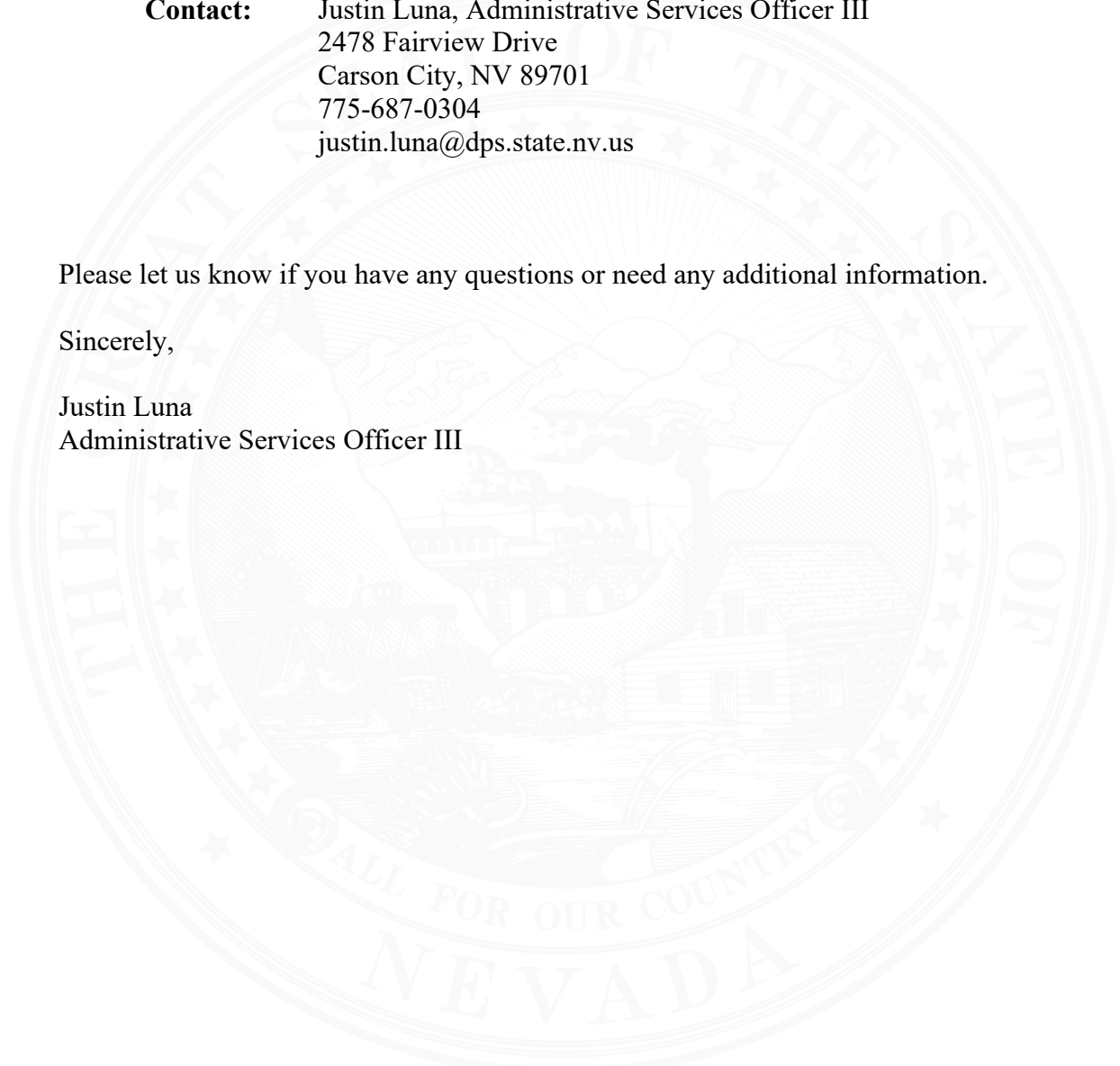
**Department or Agency Responsible for Corrective Action Plan**

**Agency:** Nevada Department of Public Safety,  
Division of Emergency Management/Homeland Security  
**Contact:** Justin Luna, Administrative Services Officer III  
2478 Fairview Drive  
Carson City, NV 89701  
775-687-0304  
justin.luna@dps.state.nv.us

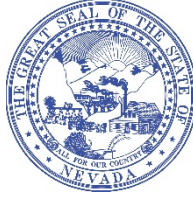
Please let us know if you have any questions or need any additional information.

Sincerely,

Justin Luna  
Administrative Services Officer III







OFFICE OF THE  
STATE CONTROLLER

**CORRECTIVE ACTION PLAN FOR AUDIT FINDING**

**Audit Finding 2020-008**

**Finding:** Participant revenue and benefit payments in the College Saving Plan were overstated by \$9.9 billion

**Recommendation:** We recommend the State of Nevada enhance internal controls to ensure participant revenue and benefit payments are accurately presented on the financial statements.

**Agency Response**

**Does the Agency Agree with Finding:** Yes

**Additional Comments:** None

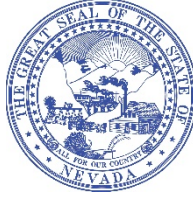
**Corrective Action Taken or to be Taken**

**Action:** Controls have been put in place to ensure participant revenue and benefit payments are accurately presented on the financial statements.

**Date of Completion or Estimated Completion:** Completed March 2021

**Department or Agency Responsible for Corrective Action Plan**

**Agency:** Controller's Office  
**Contact:** Gisele Geary, CAFR Accountant II  
101 N. Carson Street, Suite 5  
Carson City, NV 89701  
775-684-5614  
ggear@controller.state.nv.us



OFFICE OF THE  
STATE CONTROLLER

**CORRECTIVE ACTION PLAN FOR AUDIT FINDING**

**Audit Finding 2020-009**

**Finding:** A prior period adjustment of \$6,797,371 was required to correct the deferred outflow of resources – OPEB implicit subsidy which was understated in the fiscal year 2019 financial statements.

**Recommendation:** We recommend the State of Nevada enhance internal controls to ensure actuarial calculations provided to the State are reviewed and accurately recorded.

**Agency Response**

**Does the Agency Agree with Finding:** Yes

**Additional Comments:** None

**Corrective Action Taken or to be Taken**

**Action:** Controls have been put in place to ensure actuarial calculations provided to the State are reviewed and accurately recorded.

**Date of Completion or Estimated Completion:** Completed December 2020

**Department or Agency Responsible for Corrective Action Plan**

**Agency:** Controller's Office  
**Contact:** Gisele Geary, CAFR Accountant II  
101 N. Carson Street, Suite 5  
Carson City, NV 89701  
775-684-5614  
ggeary@controller.state.nv.us



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**CORRECTIVE ACTION PLAN FOR AUDIT FINDING**

Date: May 14, 2021

Program: **U.S. Department of Agriculture**  
**SNAP Cluster:**  
**Supplemental Nutrition Assistance Program (SNAP), CFDA 10.551**  
**State Administrative Matching Grants for the Supplemental Nutrition**  
**Assistance Program, CFDA 10.561**

**Subrecipient Monitoring**  
**Significant Deficiency in Internal Control over Compliance**

Finding number: 2020-010

Finding: Subawards did not include information that indicated whether the award was a Research and Development (R&D) award. A nonstatistical sample of four subawards from a population of 20 subawards was selected for testing. One subaward was missing information as to whether the award was research and development or not. Subawards did not include certain information required by Uniform Guidance.

Corrective Action Taken  
or To Be Taken: The Division's standard subaward documents contain a check box for Research and Development (R&D) and staff will ensure this question has been answered during the internal review process, which occurs prior to final execution of the award. The Division has reviewed all currently active and in-process subawards to ensure the Research and Development question was correctly answered at the time of execution, with no revisions or changes necessary. The Division's internal controls have been updated to ensure subawards contain all required information, including research and development.

If to be taken, estimated  
date of completion: May 11, 2021

**Agency Response**

Does the Agency agree  
With finding:

Yes X

No \_\_\_\_\_

Partially \_\_\_\_\_

If No or Partial, please  
Explain reason(s) why:

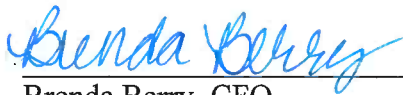
Individual Responsible for Corrective Action Plan:

Name, Title: Gary Long, Chief of FACT

Phone Number: 775-684-0655

Email: [gxlong@dwss.nv.gov](mailto:gxlong@dwss.nv.gov)

Reviewed and Approved



Brenda Berry, CFO

5/13/21

Date



**CORRECTIVE ACTION PLAN FOR AUDIT FINDING**

Date: May 14, 2021

Program: **U.S. Department of Agriculture  
SNAP Cluster:  
Supplemental Nutrition Assistance Program (SNAP), CFDA 10.551  
State Administrative Matching Grants for the Supplemental Nutrition Assistance  
Program, CFDA 10.561**

**Other  
Significant Deficiency in Internal Control over Compliance**

Finding number: 2020-011

Finding: Amounts were originally reported incorrectly on the SEFA.

Corrective Action Taken  
or To Be Taken: The Division has added additional internal controls to validate that the fiscal amounts on  
the SEFA will be in line with the values reported by the Coordinator of Research and  
Statistics.

If to be taken, estimated  
date of completion: These procedures were implemented April 1, 2021.

**Agency Response**

Does the Agency agree  
With finding: Yes X No \_\_\_\_\_ Partially \_\_\_\_\_

If No or Partial, please  
Explain reason(s) why:

Individual Responsible for Corrective Action Plan:  
Name, Title: Crystal Buscay, Chief of Fiscal  
Phone Number: 775-684-0682  
Email: [cbuscay@dwss.nv.gov](mailto:cbuscay@dwss.nv.gov)

Reviewed and Approved

Brenda Berry  
Brenda Berry, CFO

5/13/21  
Date

Steve Sisolak  
Governor



Richard Whitley, MS  
Director

**DEPARTMENT OF  
HEALTH AND HUMAN SERVICES**  
DIVISION OF PUBLIC AND BEHAVIORAL HEALTH  
*Helping people. It's who we are and what we do.*



Lisa Sherych  
Administrator

Ihsan Azzam,  
Ph.D., M.D.  
Chief Medical Officer

May 14, 2021

Eide Bailly LLP, CPAs 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 2020 which ended June 30, 2020.

Finding 2020-012: 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 all contracts, including statewide contracts, be updated to include applicable provisions by the State Purchasing Division. As of May 12, 2021, this request has not been approved. The Division of Public and Behavioral Health Contract Unit has revised the Division's contract template to add the required federal provisions for Appendix II to Part 200 specific to Suspension/Debarment, Anti-Lobbying, Federal Water Pollution and Clean Air/Clean Water Act. However, the Division did have multi-year contracts executed prior to the revision of the contract template that did not have the required federal provisions. The Division will also provide updated training to staff to ensure all amendments to existing contracts extending the contract period have the required federal provisions.

The Division has developed an annual process to conduct suspension and debarment verifications for all contractors that receive federal funds to ensure division-wide compliance of this requirement.

Date of Completion:

Statewide Contracts: Pending State Purchasing Division Approval

Division Contracts: Contract Unit: July 1, 2021

Suspension and Debarment Verification: Audit Unit: July 1, 2020

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](mailto:christinahadwick@health.nv.gov).

Sincerely,

A handwritten signature in blue ink that reads "Lisa Sherych".

Lisa Sherych, Administrator

Steve Sisolak  
Governor

Richard Whitley, MS  
Director



# DEPARTMENT OF HEALTH AND HUMAN SERVICES

Division of Child and Family Services

Helping people. It's who we are and what we do.



Ross Armstrong  
Administrator

Date:	May 13, 2021
Program:	U.S. Department of Justice Crime Victim Assistance, CFDA 16.575
<b>Corrective Action Plan</b>	
Finding Number:	2020-013
Finding:	Subgrant Award Reports (SAR) were not filed timely.
Corrective Action Taken or To Be Taken	Subgrant Award Reports are created and entered into the Performance Measurement Tracking (PMT) system once the NOSAs are fully executed, based on the last signature date on the NOSA. An internal Grants Management Unit (GMU) tracking log is now being utilized to document when the NOSAs are fully executed and the 90-day deadline when they must be entered into the PMT system.
If <u>already</u> taken, date of completion:	July 1, 2020
If to be taken, estimated date of completion:	
<b>Agency Response</b>	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	Prior year finding 2019-012
<b>Division Responsible for Corrective Action</b>	
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@dchfs.nv.gov
<b>Reviewed and Approved</b>	
Mandi Davis, Deputy Administrator	
Date 5/13/21	Signature <i>Mandi Davis</i>

**State of Nevada  
Department of Employment, Training and Rehabilitation (DETR)  
Responses to Single Audit Findings**

**Year 2020**

**For the Year Ended June 30, 2020**

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

**CFDA 17.225**

**CORRECTIVE ACTION PLAN**

**Eligibility**

**Finding 2020-014**

Payments were made to individuals who self-certified as eligible; however, supporting documentation was not requested or only requested after multiple benefit payments had already been made when there were indications to provide a reasonable suspicion of fraud.

A nonstatistical sample of 60 PUA claimants out of approximately 1,000 was selected for testing. In our sample of 60, we noted 11 claimants who were either ineligible or had a high suspicion of fraud. Benefits through June 30, 2020 for these 11 claimants was \$94,755.

**Recommendation**

We recommend the Department work with the federal agencies involved in the unemployment fraud task force to identify and attempt recovery of fraudulent payments. In addition, we further recommend that the Department improve information system internal controls to enhance data analytics as well as manual internal controls to better detect and prevent fraud.

**Nevada DETR's Response**

The Nevada Department of Employment, Training and Rehabilitation (DETR) agrees with this finding. Of the 11 PUA claims noted in the audit none have been disqualified through evidence of fraud. Payment was stopped on only 1 claimant that may be fraud because the claimant failed to complete Id.me or upload identity documents. The other 10 claims had PUA eligibility related issues and had received payment. Per the court order DETR should not stop paying PUA claimants unless there is clear and convincing evidence of fraud. The remaining 10 claims mentioned in the audit did not have the level of evidence to be disqualified as fraudulent.

DETR has implemented multiple fraud protection software in the PUA system:

- December 2020 -reCaptcha which mitigates Bot attacks which are used to hijack claimant credentials.
- February 2021 Two Factor Authentication which mitigates fraudulent bad actors from filing or using hijacked credentials.
- March 2021- ID.Me to authenticate claimant identity both in continued and initial claims.



- March 2021 crossmatch data against Department of Corrections and Vital statistics (Death Records)
- Currently working on national efforts through NASWA to crossmatch against all state's bad actor hallmarks.

Estimated Date of Completion: Ongoing

Contact Person: **Nancy St. Clair**, Deputy Administrator, DETR/ESD (775)684-3906, [njstclair@detr.nv.gov](mailto:njstclair@detr.nv.gov)

## **Reporting**

### **Finding 2020-015**

Amounts reported on the Quarterly Unemployment Insurance (UI) Above-Base Report (UI-3) were not supported by the underlying accounting information and therefore, were not reported in accordance with program requirements.

A nonstatistical sample of two out of four quarterly reports was selected for testing. Section A, Line 6, was understated by 7.79, 7.58 and 3.77 for the current quarter worked, current quarter paid, and year to date paid columns, respectively, for the March 31, 2020 UI-3 Report.

### **Recommendation**

We recommend the Department enhance the internal controls to ensure the UI-3 report is accurate.

### **Nevada DETR's Response**

Nevada DETR agrees with this finding. However, the UI-3 report for quarter ending March 31, 2020 has already been corrected by the department and re-submitted to the Department of Labor. The department is reviewing the internal control procedures for improvement measures. Additionally, the department is re-reviewing the system generated supporting reports to strengthen internal controls for the creation of the supporting reports used to compile the UI-3 report.

Date of Completion: May 2021

Contact Person: **Kitty DeSocio**, Chief Financial Officer, DETR/Financial Management (775)684-0325, [kbdesocio@detr.nv.gov](mailto:kbdesocio@detr.nv.gov)

## **Special Tests and Provisions – UI Benefit Payments**

### **Finding 2020-016**

The Benefits Accuracy Measurement (BAM) Unit’s investigation files did not include all required documentation. In addition, the time limits for completion were not met.

A nonstatistical sample of 60 completed BAM cases out of a population of 622 was selected for testing. For one case, the entire file was not located. For a second case, the file was missing the required claimant questionnaire.

The Department completed 60.86% of paid claims within 60 days and 66.00% of paid claims within 90 days (falling short of the required completed percentages of 70% and 95%). The Department completed 66.67% of denied (monetary) claims, 74.55% of denied (separation) claims, and 71.82% of denied (nonseparation) claims within 90 days (exceeding the 60 day required percentages of 60% but falling short of the required 90 day completion percentages of 85%).

### **Recommendation**

We recommend the Department enhance internal controls to ensure timely BAM review completion and appropriate document retention.

### **Nevada DETR’s Response**

Nevada DETR agrees with this finding. Please note that the causes of the Benefits Accuracy Measurement (BAM) findings are contributed to multiple factors. Although Nevada received a waiver for reviewing the denied claims through June 30, 2021, the unit was unable to work on the paid claims until October of 2020. Due to the COVID-19 Pandemic, the prior Administrator reassigned BAM staff to assist with claim filings and adjudication. All units available were needed to assist with the sudden influx of claimants after state businesses were shut down. In addition, the BAM Unit was already understaffed due to personnel retiring or taking promotions. During the transitioning period, files were neglected and not reviewed accordingly or tracked.

Currently, the BAM Unit has been staffed accordingly, new staff are in the process of being cross trained by two senior investigators, and a new supervisor has been assigned. BAM is working current cases to meet the timeliness and completion measures within the 60 and 90 days. The BAM Unit is also trying to work the backlog of paid cases that were not worked during the pandemic. Although the BAM Unit is working diligently on the backlog, Nevada DETR will be hard-pressed to review and submit all cases by June 28, 2021 or even by October 28, 2021.

Estimated Date of Completion: November 2021

Contact Person: *Nancy St. Clair, Deputy Administrator, DETR/ESD (775)684-3906,*  
[njstclair@detr.nv.gov](mailto:njstclair@detr.nv.gov)

## Special Tests and Provisions – UI Reemployment Programs

### Finding 2020-017

One claimant file did not contain documentation or forms regarding case status, such as if the claimant attended an appointment with RESEA program staff. In addition, there were no written policies or procedures to provide for the review of the RESEA performance reports by required staff.

A nonstatistical sample of 60 out of 7,299 participants was selected for testing. Feedback was not received for one participant. Available policies and procedures were reviewed, but internal controls regarding the RESEA performance report were not included in the policies and procedures.

### Recommendation

We recommend the Department enhance the internal controls to ensure that all RESEA case notes are maintained in participant files and the written policies and procedures are updated to provide for the review of RESEA performance reports by required staff.

### Nevada DETR's Response

Nevada DETR agrees with this finding. However, based on DETR's mitigating actions taken since the date of this audit, DETR respectfully requests that this finding be determined satisfied and be **CLOSED**.

Workforce Investment Support Services (WISS) unit has developed and deployed the following policies and procedures to enhance the review of RESEA performance reporting by required staff:

- **Ongoing Performance Data Validation Practice:** Prior to the submission of RESEA program performance reports (ETA 9128), the report is reviewed for accuracy by the RESEA program lead. The RESEA program state coordinator creates a detailed service report from EmployNV to validate each data element reported on the ETA 9128. All records are reviewed for validation if the population is less than 100. If the total population reported is over 100, a random sample of records is drawn containing at least 10 percent of the population reported and are manually reviewed for case record validation purposes.
- **August 2020:** The Reemployment Services and Eligibility Assessment (RESEA) Desk Guide (Attachment 1) was developed, disseminated to staff and extensive training was provided to DETR RESEA staff in April 2021 covering all aspects of the RESEA program, including **Section 4:** RESEA Reporting Procedures, Registration Completion, Activities and Services Issue Reporting. This policy and procedures tool will enhance RESEA staffs' abilities to properly administer and report performance on the RESEA program. There are examples throughout this Guide that provide instructions for entering activities, outlining staff requirements of maintaining corresponding documentation that must be entered in DETR's workforce and unemployment case management information systems, EmployNV and UInv, and RESEA performance reporting.
- **March 2021:** The RESEA-REA Flowchart (Attachment 2) was developed, disseminated to staff and included in the extensive training provided to RESEA staff in March and April 2021, which details the RESEA process step-by-step providing a visual roadmap for

RESEA staff to follow in their administration of RESEA cases. Specific protocols for RESEA case note recordings and updates are included.

- **February 2021 – current:** In coordination with DETR’s UI RESEA staff and DETR’s IDP/IT unit, the RESEA program state coordinator is in the process obtaining a contractor through the state’s formal solicitation process to develop a tiered evidence-based approach for interventions and service delivery strategies, which will enhance RESEA staffs’ abilities to properly administer the RESEA program through the conduct of program evaluation to identify successful evidence-based intervention measures.
- **March 24, 2021 and April 21, 2021:** The RESEA program state coordinator conducted extensive RESEA training (Attachment 3) with existing and new RESEA staff covering RESEA policy and procedures to help mitigate inappropriate and/or lacking RESEA case handling, reporting and maintenance to ensure accurate, valid and reliable administration of the RESEA program and program reporting. The above-forementioned policies and procedures were covered extensively in said training sessions, and the RESEA program state coordinator will continue to conduct regular RESEA training sessions on the policies, procedures and any programmatic updates.

Date of Completion: *April 2021 and prior*

Contact Person: **Kristine K. Nelson**, Program Chief, *DETR/ESD/WISS (775)684-0304*



**OFFICE OF THE  
STATE CONTROLLER**

**CORRECTIVE ACTION PLAN FOR AUDIT FINDING**

**Date:** May 13, 2021

**Program:** U.S. Department of the Treasury  
Coronavirus Relief Fund, CFDA 21.019

**Finding Number:** 2020-018

**Finding:** Amounts were originally reported incorrectly on the SEFA.

The Nevada Governor's Finance Office, Budget Division (the Division) and the Controller's Office (Office) did not have adequate internal controls for communication of reconciling items to ensure total federal expenditures and payments to subrecipients were appropriately reported on the SEFA.

We recommend the Division and Office enhance internal controls for communication of reconciling items to ensure total federal expenditures and payments to subrecipients are appropriately reported on the SEFA.

**Response:**

The Nevada State Controller's Office (SCO) is responsible for the preparation and certification of the Single Audit report, which includes the Annual Comprehensive Financial report (ACFR), prior year audit findings, and the Schedule of Expenditures of Federal Awards (SEFA) and many other activities. The SCO provides closing instructions, accounting policies and procedures, Single Audit training, and Single Audit training materials to agencies. Agencies are required to enter federal transactions into the Accounting system using appropriate coding, provide certification forms, correcting forms if needed, and subrecipient reconciliations to facilitate Single Audit reporting. The subrecipient reconciliations provide SCO the information needed to accurately adjust subrecipient payments on the SEFA. More than 400 reconciliations on more than 800 awards are received and reviewed annually by the SCO and the volume increases each year (FY18 426 subrecipient recons/805 awards, FY19 446 subrecipient recons/879 awards, FY20 481 subrecipient recons/886 awards). Many reconciliations require follow-up questions with agencies and corrections must be made.

In 2020, the COVID pandemic began. This created many day-to-day operational issues and increased workload due to CARES Act funding and other COVID related Federal funding. In FY20 CARES Act funding was received by one primary agency/budget account and transferred to over 80 agencies/250 budget accounts and included over 270 transfer transactions. As of May 2021, there have been nearly 500 transfer transactions for FY21. In August 2020, the Office of Management and Budget (OMB) published the Compliance Supplement requiring COVID-19 to be identified separately on the SEFA. Some COVID funding was added to an existing award, some was provided by new awards, and some funding was sent without application or CFDA number. This required SCO to work with agencies to identify and separate comingled COVID and non-COVID funding and further strained the two SCO positions involved in SEFA reporting.

**Corrective Action:**

Communications are on-going with the Nevada Governor's Finance Office (GFO) to enhance internal controls for communication of reconciling items and to ensure total federal expenditures and payments to subrecipients are appropriately reported on the SEFA. The SCO will update closing instructions with SEFA requirements and deadlines by the end of May 2021. The federal revenues and expenditures section of the accounting policies and procedures will be updated along with a request to publish by July 2021. Single Audit training and materials will be updated with training planned for July or early August 2021. Beginning in May 2021 and continuing until the fiscal year 2021 draft SEFA submission for audit review occurs, the SCO will run and provide various reports to agencies, request transaction entry/corrections, request certification forms, request correcting forms, and request subrecipient reconciliations.

Agency: Nevada State Controller's Office  
Contact: Michaela Woodburn, Chief Accountant, Operations  
Phone: 775-684-5615  
Email: mwoodburn@controller.state.nv.us

  
Signature of Controller

Reviewed and Approved

May 13, 2021  
Date

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**STATE OF NEVADA  
GOVERNOR'S FINANCE OFFICE**

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May 14, 2021

To: To Whom It May Concern  
U.S. Department of the Treasury

From: Susan Brown, Director

Subject: Corrective Action Plan to Audit Finding 2020-018

This memo is in response to Audit Finding 2020-018 related to Coronavirus Relief Fund (CRF), CFDA # 21.019 administered during State fiscal year 2020 (March 1, 2020 through June 30, 2020):

- **Finding:** "Material Weakness in Internal Control over Compliance"; the condition of "amounts were originally reported incorrectly on the SEFA"
- **Condition:** "amounts were originally reported incorrectly on the SEFA"
- **Cause:** "The Nevada Governor's Finance Office, Budget Division (the Division) and the Controller's Office (Office) did not have adequate internal controls for communication of reconciling items to ensure total federal expenditures and payments to subrecipients were appropriately reported on the SEFA"
- **Effect:** "Prior to correction, the total federal expenditures and amounts passed through to subrecipients on the SEFA were overstated by \$11,637,020"
- **Recommendation:** "We recommend the Division and Office enhance internal controls for communication of reconciling items to ensure total federal expenditures and payments to subrecipients are appropriately reported on the SEFA."

**Response:**

The Governor's Finance Office (GFO) relied on the U.S. Department of Treasury guidance, frequently asked questions and other reporting and recordkeeping documents to administer the fund. Specifically, GFO referenced the "Coronavirus Relief Fund Frequently Asked Questions Updated as of May 28, 2021", which clarified the CRF was not considered a grant but "other financial assistance" for purposes of the Single Audit Act and was subject to only specific requirements of the Uniform Guidance:

**Are Fund payments to State, territorial, local, and tribal governments considered grants?**

No. Fund payments made by Treasury to State, territorial, local, and Tribal governments are not considered to be grants but are “other financial assistance” under 2 C.F.R. § 200.40.

**Are Fund payments considered federal financial assistance for purposes of the Single Audit Act?**

Yes, Fund payments are considered to be federal financial assistance subject to the Single Audit Act (31 U.S.C. §§ 7501-7507) and the related provisions of the Uniform Guidance, 2 C.F.R. § 200.303 regarding internal controls, §§ 200.330 through 200.332 regarding subrecipient monitoring and management, and subpart F regarding audit requirements. **(Note: 31 U.S.C. §§ 7501: “subrecipient” means a non-Federal entity that receives Federal awards through another non-Federal entity to carry out a Federal program, but does not include an individual who receives financial assistance through such awards.)**

**Are Fund payments subject to other requirements of the Uniform Guidance?**

Fund payments are subject to the following requirements in the Uniform Guidance (2 C.F.R. Part 200): 2 C.F.R. § 200.303 regarding internal controls, 2 C.F.R. §§ 200.330 through 200.332 regarding subrecipient monitoring and management, and subpart F regarding audit requirements. **(Note: 2 C.F.R. §§ 200.331: “The non-Federal entity may concurrently receive Federal awards as a recipient, a subrecipient, and a contractor, depending on the substance of its agreements with Federal awarding agencies and pass-through entities. Therefore, a pass-through entity must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor...”)**

The U.S. Department of Treasury also released OIG-CA-20-028 “Department of the Treasury Office of Inspector General Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping” on August 28, 2020 which stated:

**2. Who is a sub-recipient?**

For purposes of reporting in the GrantSolutions portal, a sub-recipient is any entity to which a prime recipient issues a contract, grant, loan, direct payment, or transfer to another government entity of \$50,000 or more.

**3. The definition of a sub-recipient provided by Treasury OIG is different than the definition of a sub-recipient in the Office of Management and Budget’s (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal, 2 CFR Part 200 (Uniform Guidance). Which definition is a prime recipient expected to comply with?**

The prime recipient must comply with the Treasury OIG definition. For purposes of reporting in the GrantSolutions portal, a prime recipient is to report on sub-recipients, as defined in Question 2 above. In addition, Treasury has issued guidance as described in



Treasury's *Coronavirus Relief Fund Frequently Asked Questions (FAQs)*,<sup>4</sup> noting that prime recipients are to monitor and manage sub-recipients as defined in 2 CFR sec. 200.330 through 200.332.

According to 2 C.F.R. §§ 200.331, the GFO viewed the State of Nevada in the role of “recipient” of the CRF in some cases and in the role of “pass-through entity” in other cases. Any CRF financial assistance transferred to State agencies to reimburse direct expenditures to mitigate and respond to COVID-19 according to Treasury guidance was viewed as having a “recipient” role since the State government was a recipient of the financial assistance and agencies are an extension of State government. Transfers were just the means to get the financial assistance over to the agencies. However, any CRF dollars that were used by State agencies for contracts, grants, loans, direct payments, or transfers to another government entity to “carry out a federal program” (the CRF federal program) was viewed as having the “sub-recipient” relationship with any individual or entity that received the assistance from that agency for eligible uses.

The Nevada System of Higher Education (NSHE) has the role of an agency in the budgeting process in relation to General Fund appropriations. As a result, NSHE was considered in the initial report to be part of the primary recipient. For this reason, the allocation of \$11,637,020 was viewed as a transfer to an agency to reimburse their eligible CRF costs as a State government “recipient” (as an extension of the State). As such, NSHE was not viewed as a “sub-recipient” and not reported accordingly.

Additionally, upon receiving approval from the Nevada State Legislature’s Interim Finance Committee (IFC) on May 13, 2020 to use the CRF, GFO only had 6 weeks before the end of the fiscal year to provide guidance and processes to State agencies for reimbursement of fiscal year 2020 expenses. The State of Nevada’s 45+ agencies were directed to provide actual costs and needed justification for each individual expense to request reimbursements from CRF. Eligible operational costs included: PPE; sanitation supplies; social distancing equipment; teleworking equipment; “fully reimbursable” public health and public safety payroll costs; “substantially dedicated” due to COVID-19 payroll costs; and costs for COVID-19 administrative leave.

Agencies were required to read the CRF Reimbursement Guidance and Instructions and complete a “FY20 CRF Agency Worksheet” by July 2, 2020. These were received by GFO and reviewed to ensure eligibility. The documents were used as backup for each agency to submit “Work Programs” (the State accounting mechanism used to provide authority for agencies to use funds). All of this had to be completed within weeks as the IFC approves Work Programs and was scheduled for early August. Upon IFC approval in August, agencies were required to complete and submit to GFO for review and approval a Decentralized Journal Voucher (JVD) with actual invoices and backup documents (often hundreds) to finalize the transfer of CRF dollars. This was all completed prior to the close of the fiscal year on August 28, 2020. A process that would normally take 4-5 months was compressed into a 10-week period.

**Corrective action(s)**

After the SEFA was prepared by the Nevada State Controller's Office (SCO) in September 2020, GFO received questions regarding fiscal year 2020 COVID-19 reimbursement reporting from NSHE staff who were working with third-party auditors on their financial statements. Upon a meeting on September 29, 2020 with NSHE, SCO and GFO, it was determined that the relationship with NSHE and the State of Nevada is a "sub-recipient" relationship, regardless if funds are used to carry out a federal program or for financial aid (as an extension of the State) to mitigate or respond to COVID-19.

Upon this determination, all fiscal year 2020 allocations to NSHE were revisited to ensure the proper sub-recipient monitoring, management and related agreements were in place. For fiscal year 2021 these were in place prior to any allocations being paid and all parties (NSHE, SCO and GFO) are proceeding with the understanding that CRF allocations to NSHE are to be treated as payments to a sub-recipient.

For this reason, the GFO has determined that the recommendation to "enhance internal controls for communication of reconciling items to ensure total federal expenditures and payments to subrecipients are appropriately reported on the SEFA" has occurred and no further action is required.

Please feel free to reach out if you have any additional questions or concerns.

Steve Sisolak  
Governor

Jhone M. Ebert  
Superintendent of  
Public Instruction




Southern Nevada Office  
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**STATE OF NEVADA**  
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May 18, 2021

**MEMORANDUM**

**TO:** Kurt Schlicker, Partner, Eide Bailey, LLP  
Michael Beers, Manager, Eide Bailey, LLP

**FROM:** Jonathan Moore, Ed.D., Deputy Superintendent for Student Achievement 

**SUBJECT:** Status of Corrective Action on State FY2020 Audit Findings

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This letter is in response to the Single Audit performed by Eide Bailly LLP CPAs relating to Federal Programs administered by the State of Nevada, Department of Education (NDE) for the fiscal year ending June 30, 2020. The audit findings pertain to Federal Title I and Special Education listed below:

Title I Grants to Local Education 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: 2020-019 (L); 2020-020 (M); 2020-021 (N4); and 2020-022 (M).

**Finding #2020-019 – Title I Grants to Title I Grants to Local Education Agencies, CFDA 84.010 Reporting and Significant Deficiency in Internal Control over Compliance resulted in the following Eide Bailly, LLP recommendation:**

Eide Bailly recommends the Department enhance the internal controls to ensure average daily attendance is accurate on the *State Per Pupil Expenditure Report*.

NDE Response

The NDE has reviewed and accepts this finding.

### Corrective Action

The discrepancy noted above was identified during the course of this audit. Upon investigation, it was discovered that raw data ADA categories were erroneously included in the calculations for the State Per Pupil Expenditure Report (SPPE). In two of the four school districts, ADA was included for charter schools and the other two school districts included ADA for adult education. This discrepancy was corrected in the SPPE Report on January 2, 2021.

To prevent this discrepancy from occurring in the future, the NCES – F33 Report Process document (see attached) has been updated on page 2, sections 1b and 2c to ensure data categories are verified prior to finalizing calculations and releasing the reports. This is an addition internal control measure that was not included previously.

### Division Responsible for Corrective Action Plan

Lynn Hoffman, Administrative Services Officer, District Support Services

**Finding #2020-020 – Title I Grants to Title I Grants to Local Education Agencies, CFDA 84.010 Subrecipient Monitoring and Material Weakness in Internal Control over Compliance and Material Noncompliance resulted in the following Eide Bailly, LLP recommendation:**

Eide Bailey, LLC recommends the Department enhance internal controls to ensure compliance with subrecipient monitoring requirements.

### NDE Response

NDE has reviewed and accepts this finding.

### Corrective Action

#### *Condition B*

NDE redesigned the risk assessment tool and process that includes both fiscal and programmatic components in FY20. NDE uses the results of the risk assessment to guide how we differentiate our subrecipient monitoring as well as our targeted supports for each subrecipient receiving these funds. In January 2021, NDE released the results of the FY20 risk assessment based on FY2019 grant activities. The results were used to develop a fiscal monitoring schedule of subrecipients according to their level of assessed risk. The risk assessment is currently being rerun for FY2021 based on FY2020 grant activities. The results of this assessment will be used to update the subrecipient monitoring schedule for FY21. NDE policy indicates the risk assessment and monitoring schedule will be updated annually. NDE will complete additional research to ensure internal controls are updated to reflect minimum monitoring provisions.

Divisions Responsible for Corrective Action Plan

Gabby Lamarre, Esq., Title I Director and Federal Liaison, Office of Student and School Supports  
Megan Peterson, Division Compliance Coordinator, Business and Support Services

**Finding #2020-021 – Title I Grants to Title I Grants to Local Education Agencies, CFDA 84.010  
*Special Tests and Provisions - Assessment System Security – Material Weakness in Internal Control  
over Compliance and Material Noncompliance resulted in the following recommendation:***

Eide Bailly, LLP recommends that the Department implement internal controls to ensure LEA's adhere to the Assessment Security System Procedures.

NDE Response

The NDE has reviewed and accepts this finding.

Corrective Action

NDE will develop internal controls to review LEA Test Security Plans to ensure implementation and compliance with federal and State Assessment Security System Procedures.

Division Responsible for Corrective Action Plan

Peter Zutz, Director, Office of Assessment, Data and Accountability Management

**Finding #2020-022 – Special Education Cluster: Special Education-Grants to States, CFDA 84.027  
and Special Education-Preschool Grants, CFDA 84.173  
*Subrecipient Monitoring and Material Weakness in Internal Control over Compliance and Material  
Noncompliance resulted in the following Eide Bailly, LLP recommendation:***

Eide Bailly, LLP recommends that the Department enhance internal controls to ensure compliance with subrecipient monitoring requirements. The Department monitored the six-subrecipients selected but based on policies and procedures that did not include consideration of risk assessment (even though a risk assessment was performed).

NDE Response

The NDE has reviewed and accepts this finding.

Corrective Action

Beginning in October of 2021 (FY22), the NDE will require all LEAs to provide additional data during special education programmatic monitoring, to include their risk assessment reports, these reports will identify their programmatic strengths as well as opportunities for improvement. This data will be used

by NDE to provide when needed, targeted training, technical assistance, and/or necessary guidance. The NDE plans to have this fully implemented starting with the next monitoring cycle.

Person Responsible for Corrective Action Plan

Julie Bowers, Education Programs Supervisor, Office of Inclusive Education



STATE PUBLIC CHARTER SCHOOL AUTHORITY

**CORRECTIVE ACTION PLAN  
FISCAL YEAR 2020 SINGLE AUDIT FINDINGS**

**2020-020: U.S. Department of Education  
Title I Grants to Local Educational Agencies, CFDA 84.010**

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

**Finding**

*Cause:* The Nevada Department of Education (the Department) and the Nevada State Public Charter School Authority (the Authority) 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.

*Recommendation:* We recommend the Department and the Authority enhance internal controls to ensure compliance with subrecipient monitoring requirements.

**Authority Response**

The Authority accepts this finding.

**Corrective Action**

*Condition:* A. Funding was provided to a subrecipient without an executed subaward.

*Corrective Action:* The agency is currently in development of a new Grants Management System to integrate many of the manual, antiquated processes associated with grants administration. Compilation and execution of subaward agreements will be automated as a part of the new Grants Management System and will be executed through integration with DocuSign. The ad hoc report capabilities of the system will allow the agency to run reports to verify all subaward agreements have been executed for all subrecipients that were approved for a subaward. This automation and ability to run reports will mitigate the chances inadvertently reimbursing a subrecipient without an executed subaward agreement. The anticipated completion date for this corrective action is June 30, 2021.

*Condition:* B. An evaluation of each subrecipient’s risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed and/or not utilized to determine the monitoring plan. In addition, programmatic monitoring pursuant to subawards was not performed or not documented.

*Corrective Action:* The agency has completed a risk assessment, determined risk scores, and provided notice of the risk scores to the subrecipients (charter schools). By the end of May 2021, the agency will have completed subrecipient monitoring, including fiscal and programmatic, for fiscal year 2021. The agency has scheduled a post-monitoring process review to document lessons learned from fiscal year 2021 subrecipient risk assessment and monitoring to enhance protocols and procedures. The anticipated completion date for this corrective action is June 30, 2021.

**Authority Personnel Responsible for the Corrective Action**

Rebecca Feiden, Executive Director; Jennifer Bauer, Administrative Services Officer III; and Kerry Howard, Education Programs Professional

**2020-022: 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**

**Finding**

*Cause:* The Nevada Department of Education (the Department) and the Nevada State Public Charter School Authority (the Authority) 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.

*Recommendation:* We recommend the Department and the Authority enhance internal controls to ensure compliance with subrecipient monitoring requirements.

**Authority Response**

The Authority accepts this finding.

**Corrective Action**

*Condition:* An evaluation of each subrecipient’s risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed and/or not utilized to determine the monitoring plan. In



addition, programmatic monitoring pursuant to subawards was not performed or not documented.


*Corrective Action:*

The agency has completed a risk assessment, determined risk scores, and provided notice of the risk scores to the subrecipients (charter schools). By the end of May 2021, the agency will have completed subrecipient monitoring, including fiscal and programmatic, for fiscal year 2021. The agency has scheduled a post-monitoring process review to document lessons learned from fiscal year 2021 subrecipient risk assessment and monitoring to enhance protocols and procedures. The anticipated completion date for this corrective action is June 30, 2021.

**Authority Personnel Responsible for the Corrective Action**

Rebecca Feiden, Executive Director; Jennifer Bauer, Administrative Services Officer III; and Kerry Howard, Education Programs Professional

*On behalf of the State Public Charter School Authority, and to the best of my knowledge, I certify that the above information is correct and that the Authority is committed to implementation of the Corrective Actions detailed above.*



Jennifer Bauer, Administrative Services Officer III  
Director of Finance and Operations

5/13/21

Date



**CORRECTIVE ACTION PLAN FOR AUDIT FINDING**

Date: May 14, 2021

Program: **U.S. Department of Agriculture**  
**SNAP Cluster:**  
**Supplemental Nutrition Assistance Program (SNAP), CFDA 10.551**  
**State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, CFDA 10.561**

**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**  
**Child Support Enforcement, CFDA 93.563**  
**Temporary Assistance for Needy Families, CFDA 93.558**  
**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**  
**Children's Health Insurance Program (CHIP), CFDA 93.767**

**Allowable Costs/Cost Principles**  
**Significant Deficiency in Internal Control over Compliance**

Finding number: 2020-023

Finding: Allocation statistics used in cost allocation did not agree to the underlying support.

Corrective Action Taken or To Be Taken: The Cost Allocation Team has added additional internal control procedures to ensure all manually entered statistics have been added into AlloCAP appropriately and confirm no duplicate PCN's were included in the upload process.

If to be taken, estimated date of completion: The Cost Allocation Team implemented additional internal control procedures as of April 30, 2021 when the SFY21 third quarter cost allocation was processed. Within SFY20, staff will rerun quarters one and two with the same review process to ensure all data is entered and uploaded correctly.

**Agency Response**

Does the Agency agree  
With finding:

Yes X

No \_\_\_\_\_

Partially \_\_\_\_\_

If No or Partial, please  
Explain reason(s) why:

Individual Responsible for Corrective Action Plan:

Name, Title: Shannon Jones, ASO I, FACT

Phone Number: 775-684-0676

Email: [sxjones@dwss.nv.gov](mailto:sxjones@dwss.nv.gov)

Reviewed and Approved

  
Brenda Berry, CFO

5/13/21  
Date



**CORRECTIVE ACTION PLAN FOR AUDIT FINDING**

Date: May 14, 2021

Program: **U.S. Department of Health and Human Services  
Temporary Assistance for Needy Families (TANF), CFDA 93.558**

**Reporting  
Material Weakness in Internal Control over Compliance**

Finding number: 2020-024

Finding: The Nevada Division of Welfare and Supportive Services (the Division) is required to submit a quarterly *TANF Financial Report* (ACF-196R) based on actual recorded expenditures (45 CFR 265.3).

Amounts reported on the ACF-196R were not supported by the underlying accounting information.

Corrective Action Taken  
or To Be Taken:

The Division will ensure internal review processes are followed to confirm amounts reported on the quarterly TANF Financial Report (ACF-196R) are in line with actual recorded expenditures following the completion of the quarterly cost allocation process. In addition, the Division will conduct a final review of all reported expenditures to DAWN prior to filing the final ACF-196R report when closing out the grant.

If to be taken, estimated  
date of completion:

This new process will be implemented on May 14, 2021 with the submission of the next financial report.

**Agency Response**

Does the Agency agree  
With finding:

Yes X No \_\_\_\_\_ Partially \_\_\_\_\_

If No or Partial, please  
Explain reason(s) why:

Individual Responsible for Corrective Action Plan:

Name, Title: Crystal Buscay, Chief of Fiscal  
Phone Number: 775-684-0682  
Email: [cbuscay@dwss.nv.gov](mailto:cbuscay@dwss.nv.gov)

Brenda Berry  
Brenda Berry, CFO

Reviewed and Approved

5/13/21  
Date



**CORRECTIVE ACTION PLAN FOR AUDIT FINDING**

Date: May 14, 2021

Program: **U.S. Department of Health and Human Services  
Temporary Assistance for Needy Families (TANF), CFDA 93.558**

**Other  
Significant Deficiency in Internal Control over Compliance**

Finding number: 2020-025

Finding: Amounts were originally reported incorrectly on the SEFA. The Nevada Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure total payments to subrecipients were appropriately reported on the SEFA.

Corrective Action Taken or To Be Taken: The Division will implement a new process to ensure all Aid to Individuals expenditures are reported to the exempt object code (8701) and not to subrecipient object codes. To ensure the integrity of the federal reports are maintained, the Division will use sub-object codes to differentiate the types of aid being provided.

If to be taken, estimated date of completion: The new process will be implemented immediately and all previously posted transactions in SFY21 will be corrected no later than June 30, 2021.

**Agency Response**

Does the Agency agree With finding: Yes X No \_\_\_\_\_ Partially \_\_\_\_\_

If No or Partial, please Explain reason(s) why:

Individual Responsible for Corrective Action Plan:  
Name, Title: Crystal Buscay, Chief of Fiscal  
Phone Number: 775-684-0682  
Email: [cbuscay@dwss.nv.gov](mailto:cbuscay@dwss.nv.gov)

Reviewed and Approved

Brenda Berry  
Brenda Berry, CFO

5/13/21  
Date



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## CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date: May 14, 2021

Program: **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**

**Special Tests and Provisions – Fraud Detection and Repayment  
Material Weakness in Internal Control over Compliance**

Finding number: 2020-026

Finding: Lead agencies shall recover child care payments that are the result of fraud. These payments shall be recovered from the party responsible for committing the fraud (45 CFR section 98.60).

The Nevada Division of Welfare and Supportive Services (the Division) has policies in place to identify, report, and recover payments resulting from fraud. As part of these policies, repayment agreements should be entered into within 60 days of the investigation being completed.

An investigation was completed and there was no documentation available for the determination of overpayment amount or repayment agreement

Corrective Action Taken  
or To Be Taken: DWSS will update their policy on collaboration between I&R and the Child Care Resource and Referral (CCR&R) Agencies to include steps for improved oversight to ensure claims are calculated timely by CCR&R and next steps are initiated timely for recouping overpayments. The Policy will be published in a Policy Transmittal immediately and subsequently added to the Child Care Manual with the next Manual release. A copy of the Policy Transmittal dated May 7, 2021, is attached hereto for reference.

If to be taken, estimated  
date of completion: 5/10/2021

**Agency Response**

Does the Agency agree  
With finding:

Yes X

No \_\_\_\_\_

Partially \_\_\_\_\_

If No or Partial, please  
Explain reason(s) why:

Individual Responsible for Corrective Action Plan:

Name, Title: Program: Christell Askew Chief, Child Care and Development Program

Phone Number: 775 684-0630

Email: caskew@dwss.nv.gov

Reviewed and Approved

Christell Askew  
Signature

5/13/21  
Date

Steve Sisolak  
Governor



Richard Whitley, MS  
Director

# DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIVISION OF WELFARE AND SUPPORTIVE SERVICES

*Helping people. It's who we are and what we do.*



Steve H. Fisher  
Administrator

## CHILD CARE AND DEVELOPMENT PROGRAM POLICY TRANSMITTAL

05/07/2021

CCPT 08-2021

- |  |  |  |
|--|--|--|
| <input type="checkbox"/> TANF                  | <input type="checkbox"/> SNAP                  | <input type="checkbox"/> Medicaid                  |
| <input checked="" type="checkbox"/> Child Care | <input type="checkbox"/> Employment & Training | <input type="checkbox"/> Investigations & Recovery |
| <input type="checkbox"/> EAP                   | <input type="checkbox"/> NOMADS                | <input type="checkbox"/> PDC                       |

**TO:** Emily Buckles, Program Director, Las Vegas Urban League  
Marty Elquist, Program Director, The Children's Cabinet  
Steve H. Fisher, DWSS Administrator  
Child Care Staff

**FROM:** Candice McDaniel, Deputy Administrator

**SUBJECT:** Update to the Claims Process for Manual Section 657

Effective immediately, as a part of the claims process for an I&R finding that relates to child care provider fraud, when the I&R investigator emails the findings to the appropriate CCR&R agency, I&R must CC the Chief of Child Care and the email must include the following verbiage:

- As a reminder, all claims must be calculated by the Child Care Resource and Referral (CCR&R) agency within sixty (60) calendar days of receipt of all necessary collateral information. Prior to initiating the calculation process, the CCR&R agency must ensure they possess credible evidence, which clearly substantiates, verifies, or confirms the client received benefits they were not entitled to for a specific period of time. Please coordinate with the Chief of Child Care to ensure the claim is calculated within 60 days and all necessary documentation is completed and then forwarded to I&R.

The Child Care Chief must be CC'd when the claim calculation is returned to I&R by the CCR&R agency for tracking purposes.

The Child Care Policy Manual (Section 657) will be updated to reflect this change with the next release.

If you have any questions or concerns regarding this memorandum, please contact Nicole Martin at (775) 684-0515 or [nxmartin@dwss.nv.gov](mailto:nxmartin@dwss.nv.gov).



Steve Sisolak  
Governor

Richard Whitley, MS  
Director



# DEPARTMENT OF HEALTH AND HUMAN SERVICES

Division of Child and Family Services  
*Helping people. It's who we are and what we do.*



Ross Armstrong  
Administrator

Date:	May 13, 2021
Program:	U.S. Department of Health and Human Services Foster Care – Title IV-E, CFDA 93.658
<b>Corrective Action Plan</b>	
Finding Number:	2020-027
Finding:	Allocation methods used in cost allocation did not agree to the approved cost allocation plan.
Corrective Action Taken or To Be Taken	Quarterly Cost Allocation procedures were updated to include a validation process to confirm the most recent Cost Allocation Plan narrative matches AlloCAP and requires signature review confirmation.  Reprocess cost allocations for the periods ending 9/30/2019, 12/31/2019, 3/31/2020 and 6/30/2020 and any resulting prior quarter adjustments will be included in the quarter ending 6/30/2021 CB-496 report.
If <u>already</u> taken, date of completion:	May 7, 2021
If to be taken, estimated date of completion:	June 30, 2021
<b>Agency Response</b>	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	Prior year finding 2019-034.
<b>Division Responsible for Corrective Action</b>	
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
<b>Reviewed and Approved</b>	
Mandi Davis, Deputy Administrator	
Date 5/13/21	Signature <i>Mandi Davis</i>

Steve Sisolak  
Governor

Richard Whitley, MS  
Director



# DEPARTMENT OF HEALTH AND HUMAN SERVICES

Division of Child and Family Services  
*Helping people. It's who we are and what we do.*



Ross Armstrong  
Administrator

Date:	May 13, 2021
Program:	U.S. Department of Health and Human Services Foster Care – Title IV-E, CFDA 93.658
<b>Corrective Action Plan</b>	
Finding Number:	2020-028
Finding:	Amounts reported on the 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	The Division filed a revised CB-496 for the quarter ending 03/21/2020 that corrects the entry on line 49a.
If <u>already</u> taken, date of completion:	5/7/21
If to be taken, estimated date of completion:	
<b>Agency Response</b>	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	
<b>Division Responsible for Corrective Action</b>	
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@dchfs.nv.gov
<b>Reviewed and Approved</b>	
Mandi Davis, Deputy Administrator	
Date 5/13/21	Signature <i>Mandi Davis</i>

Steve Sisolak  
Governor

Richard Whitley, MS  
Director



# DEPARTMENT OF HEALTH AND HUMAN SERVICES

## Division of Child and Family Services

Helping people. It's who we are and what we do.



Ross Armstrong  
Administrator

Date:	May 13, 2021
Program:	U.S. Department of Health and Human Services Foster Care – Title IV-E, CFDA 93.658
<b>Corrective Action Plan</b>	
Finding Number:	2020-029
Finding:	An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed and monitoring procedures were not performed in accordance with established policies. In addition, procedures were not performed to review audit reports for audit findings and issue management decisions, as applicable.
Corrective Action Taken or To Be Taken	A Single Audit Review Policy has been created and implemented to ensure the Grant Management Unit staff reviews single audit reports of funded subrecipients to comply with Federal program and grant requirements.  Management Decision letters will be issued following review of single audit reports providing an evaluation of each subrecipient's risk of noncompliance for the purpose of determining appropriate subrecipient monitoring.
If <u>already</u> taken, date of completion:	February 1, 2021
If to be taken, estimated date of completion:	
<b>Agency Response</b>	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	
<b>Division Responsible for Corrective Action</b>	
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@dcsf.nv.gov
<b>Reviewed and Approved</b>	
Mandi Davis, Deputy Administrator	
Date 5/13/21	Signature <i>Mandi Davis</i>



## CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date: May 14, 2021

Program: U.S. Department of Health and Human Services  
Children's Health Insurance Program (CHIP), CFDA 93.767

**Eligibility**  
**Material Weakness in Internal Control over Compliance**

Finding number: 2020-030

Finding: States are required to determine eligibility in accordance with the eligibility requirements defined in the approved State plan (42 CFR 457). The State plan describes certain aid categories, including the eligibility criteria and potential benefits allowed under the aid categories for eligible individuals.

Individuals were deemed eligible but were placed in an incorrect aid category. Individuals may receive benefits that they are not entitled to or not receive benefits for which they are entitled to.

Corrective Action Taken  
or To Be Taken:

HOH UPI redacted /CHILD UPI redacted Worker failed to complete re-evaluation for higher aide code (REHA) function to obtain correct eligibility.

**Corrective action:** Require completion of REHA to ensure eligibility aid code is correct.

HOH UPI redacted /CHILD UPI redacted Case processing error, incorrect action taken to address income change on case. HOH not eligible for trans med; however, action was not taken to correctly budget NC eligibility instead of trans med.

**Corrective action:** Training of staff is an ongoing process using in-person and e-learning sessions.

HOH UPI redacted /CHILD UPI redacted Worker failed to complete re-evaluation for higher aid code (REHA function) to obtain correct eligibility.

**Corrective action:** Require completion of REHA to ensure eligibility aid code is correct.

HOH UPI redacted /CHILD UPI redacted Worker failed to complete re-evaluation for higher aid code (REHA function) to obtain correct eligibility.

**Corrective action:** Require completion of REHA to ensure eligibility aid code is correct.

If to be taken, estimated date of completion:

HOH UPI redacted /CHILD UPI redacted Correction has been made. REHA function was completed effective 9/20 and child now has correct eligibility aid code.  
HOH UPI redacted /CHILD UPI redacted Correction has already been made effective 1/20. Case was re-evaluated and is currently closed due to voluntary withdrawal.  
HOH UPI redacted /CHILD UPI redacted Correction has been made. REHA function was completed effective 02/20 and child now has correct eligibility aid code.  
HOH UPI redacted /CHILD UPI redacted Correction has been made effective 6/20. Case was re-evaluated and child was terminated due to left household.

**Agency Response**

Does the Agency agree With finding:

Yes X

No \_\_\_\_\_

Partially \_\_\_\_\_

If No or Partial, please Explain reason(s) why:

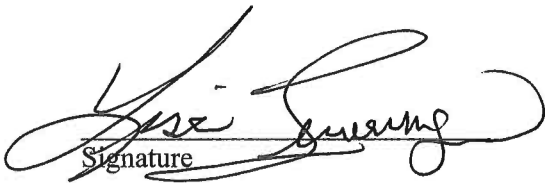
**Individual Responsible for Corrective Action Plan:**

Name, Title: Lisa Swearingen, Chief of Eligibility and Payments

Phone Number: (775) 684-0560

Email: [lswearingen@dwss.nv.gov](mailto:lswearingen@dwss.nv.gov)

Reviewed and Approved

  
Signature

5.13.21  
Date

Steve Sisolak  
Governor

Richard Whitley, MS  
Director



# DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIVISION OF HEALTH CARE FINANCING AND POLICY  
*Helping people. It's who we are and what we do.*



Suzanne Bierman,  
JD MPH  
Administrator

## CORRECTIVE ACTION PLAN FOR AUDIT FINDING

**Date:** May 11, 2021

**Program:** U.S. Department of Health and Human Services  
Children's Health Insurance Program (CHIP), CFDA 93.767

**Finding Number:** 2020-031

**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:**

The misreporting of several lines on the CMS-21 was attributable to human error. There were two transposition errors made and one formula error within the workbook. Also, high staffing turnover at Medicaid attributed to a lack of double checks occurring during this time frame.

The Federal reporting team's procedures are being updated to include review and sign off by all staff, supervisors, and Administrators so that all mistakes are caught prior to certification. This will also include a reconciliation of draws completed during the quarter to what is being reported. This will ensure that all lines are reported in their correct totals.

**If already taken:**

**If to be taken,  
estimated date of  
completion:**

The procedures are in the process of being updated and will be implemented by July 31, 2021.

### Agency Response

**Does the Agency agree  
with finding:**

Yes       No       Partially

**If No or Partial, Please  
Explain reason(s) why:**

**Additional Comments:**

**Name, Title:** Micah Chalk, Accountant II  
**Phone Number:** 775-684-3606  
**Email:** pchalk@dhcp.nv.gov

Suzanne Bierman  
Signature of Administrator

Reviewed and Approved

5/14/21

Date



## CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date: May 14, 2021

Program: **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**

Finding number: 2020-032

Finding: States are required to determine eligibility in accordance with the eligibility requirements defined in the approved State plan (42 CFR 435). The State plan describes certain aid categories, including the eligibility criteria and potential benefits allowed under the aid categories for individuals whose eligibility determination is based on factors other than Modified Adjusted Gross Income, i.e. Aged, Blind and Disabled (MAABD).

Individuals were deemed eligible but were placed in an incorrect aid category or did not have documentation to support the eligibility determination.

Corrective Action Taken  
or To Be Taken: HOH UPI redacted - 10/2019 MAABD Application was not scanned into the Document Imaging System (DIS).  
**Corrective action:** Address lost application paperwork. This will involve review of training for clerical staff and the file transfer protocols between DWSS staff and scanning unit.

HOH UPI redacted - Case was incorrectly approved under SSI at intake. During the renewal evaluation, the error was discovered, however COVID-19 Guidance at the time prevented negative actions to reduce eligibility from SSI to QI. Case has since been corrected under the CARES Act Final Rule guidance provided by CMS on 11-03-2020.  
**Corrective action:** Address proper case processing and SSI eligibility requirements.

HOH UPI redacted - Case was not approved under the SSI program at intake.  
**Corrective action:** Eligibility has since been corrected as of 12/01/2020 during the annual re-evaluation.



If to be taken, estimated date of completion:

HOH UPI redacted · Review of both processes has been done and e-learning is available for staff.  
HOH UPI redacted - Training of staff is an ongoing process using in-person and e-learning sessions.  
HOH UPI redacted - Training for staff on proper case processing is an ongoing process with Nevada implementing e-learning sessions.

**Agency Response**

Does the Agency agree With finding:

Yes X

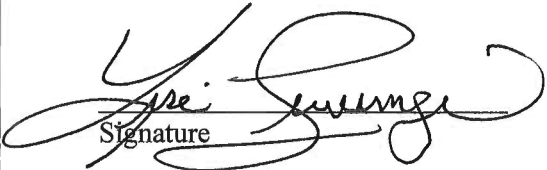
No \_\_\_\_\_

Partially \_\_\_\_\_

If No or Partial, please Explain reason(s) why:

Individual Responsible for Corrective Action Plan:  
Name, Title: Lisa Swearingen, Chief of Eligibility and Payments  
Phone Number: (775) 684-0560  
Email: lswearingen@dwss.nv.gov

Reviewed and Approved

  
Signature

5.13.21  
Date

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date: May 11, 2021

Program: U.S. Department of Health and Human Services  
Medical Assistance Program (Medicaid; Title XIX)

Finding Number: 2020-033

Finding: Amounts reported on the Medical Assistance Program (Medicaid; Title XIX) (CMS-64) were not supported by underlying accounting information.

Corrective Action Taken or To Be Taken: The misreporting of several lines on the CMS-64 was caused by formula errors within the workbook. The procedures and work performance standards are currently being updated so that all formulas and reporting totals will be double checked in the future by both the preparer of the report as well as the supervisor.

If already taken:

If to be taken, estimated date of completion:

The procedures are in process of being updated and will be implemented by July 31, 2021.

Agency Response

Does the Agency agree with finding: Yes  No  Partially

If No or Partial, Please Explain reason(s) why:

Additional Comments:

Name, Title: Micah Chalk, Accountant II  
Phone Number: 775-684-3606  
Email: pchalk@dncfp.nv.gov

*Suzanne Bierman*  
Signature of Administrator

Reviewed and Approved 5/14/21  
Date

## CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date: May 12, 2021

Program: 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

Finding Number: 2020-034, 2019-40 (Previous Finding)

Finding: Special Tests and Provisions – Automatic Data Processing System (ADP) Risk Analysis and System Security Review  
Material Weakness in Internal Control over Compliance and Material Noncompliance

State Medicaid Agencies (SMA) are required to establish and maintain a program for conducting periodic risk analyses to ensure that appropriate and cost-effective safeguards are incorporated into new and existing systems. This includes performing risk analyses whenever significant system changes occur. SMAs shall review the ADP system security installations involved in the administration of HHS programs on a biennial basis. At a minimum, the reviews shall include an evaluation of physical and data security operating procedures, and personnel practices (45 CFR 95.621).

Condition: No review over the ADP system was completed.

### Corrective Action to be Taken:

The Division of Health Care Financing & Policy (DHCFP) will undertake the following actions to address this finding:

1. The DHCFP procured a vendor (BulletProof Inc) to perform a Security Risk Assessment of DHCFP systems, policies, and procedures. The Assessment was initiated in July of 2020 and completed by the end of September 2020. The assessment reports (Technical Assessment and HIPAA Gap Assessment) have been submitted to interested parties (Eide Bailly, CMS and Nevada Legislative Counsel Bureau) through appropriate channels. The next Risk Assessment for DHCFP will occur in July of 2022.
2. The DHCFP Information Security Officer position that was approved during the 80<sup>th</sup> (2019) Nevada Legislative session is responsible for ensuring that ADP Risk Analysis and System Security reviews are completed as required by 45CF R 65.621.
3. The ADP Risk assessment of the Interchange System (MMIS) and the Pharmacy Benefit Management (PBM) systems are required to be completed annually by contracted vendors (Gainwell Technologies and OptumRx respectively). The System Vendors must contract a third-party security vendor to perform the assessment. The resulting SOC 1 type 2 reports are submitted to the DHCFP for review and retention.
4. The DHCFP System Security assessments will be performed biennially per DHCFP Security Policy (Security Manual version E, section 1.01).

CAP completion Date: 9/2020

Agency Response

Does the Agency agree  
with finding:

Yes

No

Partially

If No or Partial, Please

Explain reason(s) why:

Additional Comments:

Name, Title: Jared Davies, Information Security Officer

Phone Number: (775) 684-3666

Email: jdavies@dncfp.nv.gov

*Suzanne Bierman*

Signature of Administrator

Reviewed and Approved

*5/14/21*

Date