



Single Audit Report
June 30, 2019
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, 2019, 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 97.20 percent of assets and deferred outflows of resources, 99.43 percent of net position, and 97.56 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 1.96 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 59.40 percent of the assets and deferred outflows of resources, 60.37 percent of the net position and 27.82 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 35.27 percent of the assets and deferred outflows of resources, 36.29 percent of the net position and 54.72 percent of the revenues of the aggregate remaining fund information;
- the financial statements of the Retirement Benefits Investment Fund – Investment Trust Fund, which represent less than one percent of the assets and deferred outflows of resources, net position and revenues of the aggregate remaining fund information;
- the financial statements of the Division of Museums and History Dedicated Trust Fund, which represent less than one percent of the assets and deferred outflows of resources, fund balance and revenues of the aggregate remaining fund information.

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above-mentioned funds and entities, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Division of Museums and History Dedicated Trust Fund, the Pension Trust Funds, the Insurance Premiums Internal Service Fund and the Retirement Benefits Investment Fund were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nevada, as of June 30, 2019, 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.

Correction of Errors

As discussed in Note 19 to the financial statements, the State of Nevada corrected errors in accounts payable, infrastructure, rights-of-way, and receivables which resulted in a restatement of net position as of July 1, 2018. 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 6 through 16, 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 98 through 106 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 January 31, 2020, 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.

The image shows a handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, professional style.

Reno, Nevada
January 31, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

State of Nevada management provides this discussion and analysis of the State of Nevada's Comprehensive Annual Financial Report (CAFR) for readers of the State's financial statements. This narrative overview and analysis of the financial activities of the State of Nevada is for the fiscal year ended June 30, 2019. 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 \$11.2 billion (reported as net position). Of this amount, \$9.3 billion is net investment in capital assets and \$3.9 billion is restricted for specific uses, neither of which are available to meet the State's general obligations, and a negative \$2.0 billion is reported as an unrestricted deficit, which indicates no funds are available for discretionary purposes.
- The State's total net position increased by \$4.5 billion or 67.5% over the prior year, after restatement. Net position of governmental activities increased by \$4.0 billion or 90.1%, after restatement. Net position of business-type activities increased by \$518.7 million or 23.0%. Beginning net position of governmental activities was restated for a net increase of \$3.1 billion, of which \$1.8 billion is an increase to correct an error for expenses recorded for infrastructure projects in progress that should have been recorded as construction in progress; \$1.2 billion is an increase to record infrastructure previously expensed; \$195.2 million is an increase to record rights-of-way previously expensed; \$3.5 million is an increase to correct expenditures erroneously recorded in fiscal year 2018 in the Highway Fund for purchases of items not received prior to year-end; and \$3.9 million is a decrease due an error identified by the Nevada Capital Investment Corporation, a discretely presented component unit, related to earnings paid to the Permanent School Fund erroneously.

Fund-level:

- The State's governmental funds reported combined ending fund balances of \$2.2 billion, an increase of \$256.7 million from the prior year, after restatement. Of the ending fund balance, \$413.8 million is nonspendable, \$647.0 million is restricted, \$1.4 billion is committed and a negative \$216.9 million is unassigned.
- The State's enterprise funds reported combined ending net position of \$2.8 billion, an increase of \$519.3 million from the prior year. Of the ending net position, \$5.8 million is net investment in capital assets, \$2.7 billion is restricted, and \$33.9 million is unrestricted.

Capital Assets and Long-term Debt:

- The State's capital assets, net of depreciation, increased by \$3.6 billion or 50.6%, of which \$3.1 billion was due to a prior period adjustment.
- The State's total bonds payable and certificates of participation payable decreased by \$42.1 million or 1.4%.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements:

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

The *statement of net position* presents all of the State's assets, liabilities, and deferred outflows/inflows of resources with the difference being reported as "net position." The statement combines and consolidates all of the State's current financial resources with capital

assets and long-term obligations. Over time, increases and decreases in net position measure whether the State's financial position is improving or deteriorating.

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

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

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

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

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

Fund Financial Statements:

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

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

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

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

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

Notes to the Financial Statements:

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

Required Supplementary Information:

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

Other Supplementary Information:

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The State’s overall financial position and operations for the fiscal years ended June 30, 2019 and 2018 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
	2019	2018	2019	2018	2019	2018	2019-2018
Assets							
Current and other assets	\$ 5,145,385	\$ 4,722,494	\$ 3,759,518	\$ 3,173,635	\$ 8,904,903	\$ 7,896,129	\$ 1,008,774
Net capital assets	10,758,896	7,137,710	13,597	14,223	10,772,493	7,151,933	3,620,560
Total assets	15,904,281	11,860,204	3,773,115	3,187,858	19,677,396	15,048,062	4,629,334
Deferred outflows of resources	472,363	460,239	8,237	8,201	480,600	468,440	12,160
Liabilities							
Other liabilities	2,194,929	2,012,636	52,561	70,456	2,247,490	2,083,092	164,398
Non-current liabilities	5,491,932	5,632,170	951,333	866,682	6,443,265	6,498,852	(55,587)
Total liabilities	7,686,861	7,644,806	1,003,894	937,138	8,690,755	8,581,944	108,811
Deferred inflows of resources	223,765	221,644	4,068	4,246	227,833	225,890	1,943
Net position							
Net investment in capital assets	9,309,140	5,694,397	5,834	6,121	9,314,974	5,700,518	3,614,456
Restricted	1,215,626	1,208,340	2,734,062	2,226,783	3,949,688	3,435,123	514,565
Unrestricted (deficit)	(2,058,748)	(2,448,744)	33,494	21,771	(2,025,254)	(2,426,973)	401,719
Total net position	\$ 8,466,018	\$ 4,453,993	\$ 2,773,390	\$ 2,254,675	\$ 11,239,408	\$ 6,708,668	\$ 4,530,740

Note: The 2018 governmental activities net capital assets and net investment in capital assets has not been restated for a prior period adjustment increase of \$3.1 billion.

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 \$11.2 billion at the end of 2019, compared with \$6.7 billion at the end of the previous year.

The largest portion of the State’s net position (\$9.3 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 (\$3.9 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 \$2.0 billion as compared to a \$2.4 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 \$390.0 million; from a deficit of \$2.4 billion to a deficit of \$2.1 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 \$259.1 million and \$86.2 million, respectively. In business-type activities the unrestricted net position increased by \$11.7 million from a net position of \$21.8 million to a net position of \$33.5 million. The increase is primarily due to an increase in the unrestricted net position of the Housing Division fund in the amount of \$12.1 million.

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

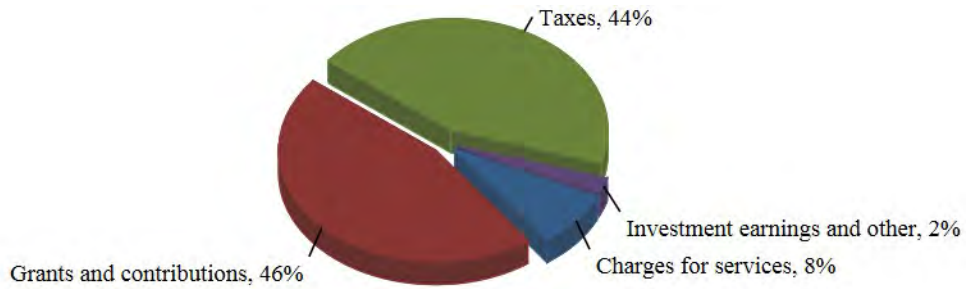
	Governmental Activities		Business-type Activities		Total		Total Change
	2019	2018	2019	2018	2019	2018	2019-2018
Revenue							
Program revenue							
Charges for services	\$ 919,023	\$ 900,670	\$ 135,853	\$ 133,898	\$ 1,054,876	\$ 1,034,568	\$ 20,308
Operating grants and contributions	5,521,790	5,274,340	97,884	82,657	5,619,674	5,356,997	262,677
Capital grants and contributions	42,688	21,999	-	-	42,688	21,999	20,689
General revenues:							
Gaming taxes	953,711	868,923	-	-	953,711	868,923	84,788
Sales and use taxes	1,473,990	1,340,985	-	-	1,473,990	1,340,985	133,005
Modified business taxes	640,552	584,212	-	-	640,552	584,212	56,340
Insurance premium taxes	422,106	394,543	-	-	422,106	394,543	27,563
Lodging taxes	208,477	179,951	-	-	208,477	179,951	28,526
Cigarette taxes	164,393	160,665	-	-	164,393	160,665	3,728
Commerce taxes	227,431	205,013	-	-	227,431	205,013	22,418
Property and transfer taxes	284,615	277,987	-	-	284,615	277,987	6,628
Motor and special fuel taxes	327,475	316,780	-	-	327,475	316,780	10,695
Other taxes	579,536	635,151	684,984	653,150	1,264,520	1,288,301	(23,781)
Unrestricted investment earnings	37,983	10,864	-	-	37,983	10,864	27,119
Other general revenues	216,122	203,347	-	-	216,122	203,347	12,775
Total revenue	12,019,892	11,375,430	918,721	869,705	12,938,613	12,245,135	693,478
Expenses							
General government	391,688	289,383	-	-	391,688	289,383	102,305
Health services	4,391,281	4,142,999	-	-	4,391,281	4,142,999	248,282
Social services	1,699,099	1,700,745	-	-	1,699,099	1,700,745	(1,646)
Education - K-12 state support	1,595,968	1,612,584	-	-	1,595,968	1,612,584	(16,616)
Education - K-12 administrative	606,585	563,634	-	-	606,585	563,634	42,951
Education - higher education	672,643	717,073	-	-	672,643	717,073	(44,430)
Law, justice and public safety	712,443	729,018	-	-	712,443	729,018	(16,575)
Regulation of business	332,615	315,038	-	-	332,615	315,038	17,577
Transportation	483,718	851,333	-	-	483,718	851,333	(367,615)
Recreation and resource development	183,102	178,524	-	-	183,102	178,524	4,578
Interest on long-term debt	75,913	74,499	-	-	75,913	74,499	1,414
Unallocated depreciation	2,306	2,766	-	-	2,306	2,766	(460)
Unemployment insurance	-	-	281,191	297,531	281,191	297,531	(16,340)
Housing	-	-	27,805	23,582	27,805	23,582	4,223
Water loans	-	-	4,361	7,017	4,361	7,017	(2,656)
Workers' compensation and safety	-	-	34,563	39,276	34,563	39,276	(4,713)
Higher education tuition	-	-	8,046	11,293	8,046	11,293	(3,247)
Other	-	-	31,919	31,488	31,919	31,488	431
Total expenses	11,147,361	11,177,596	387,885	410,187	11,535,246	11,587,783	(52,537)
Change in net position before contributions to permanent funds, special items and transfers	872,531	197,834	530,836	459,518	1,403,367	657,352	746,015
Contributions to permanent funds	8,259	10,005	-	-	8,259	10,005	(1,746)
Special item - termination of project construction	-	(16,054)	-	-	-	(16,054)	16,054
Transfers	12,121	(137,005)	(12,121)	137,005	-	-	-
Change in net position	892,911	54,780	518,715	596,523	1,411,626	651,303	760,323
Net position - beginning of year	4,453,993	5,208,706	2,254,675	1,724,660	6,708,668	6,933,366	(224,698)
Net position restatement	3,119,114	(809,493)	-	(66,508)	3,119,114	(876,001)	3,995,115
Net position - beginning of year (as restated)	7,573,107	4,399,213	2,254,675	1,658,152	9,827,782	6,057,365	3,770,417
Net position - end of year	\$ 8,466,018	\$ 4,453,993	\$ 2,773,390	\$ 2,254,675	\$ 11,239,408	\$ 6,708,668	\$ 4,530,740

Changes in Net Position:

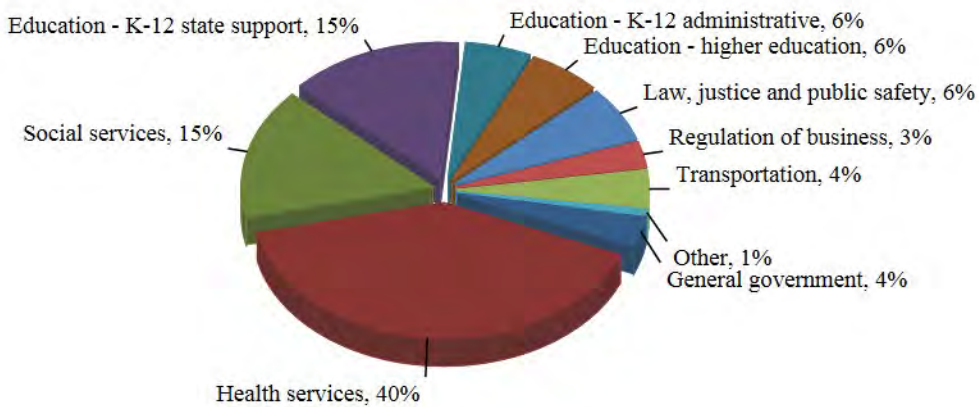
Total government-wide revenues increased by \$693.5 million during the current year. The increase in revenues is a result of several factors, including increases of \$262.7 million in federal funding, \$133.0 million in sales and use taxes, \$84.8 million in gaming taxes and \$56.3 million in modified business taxes.

Governmental activities – The current year net position increased by \$892.9 million. Approximately 43.9% of the total revenue came from taxes, while 46.3% was in the form of grants and contributions (including federal aid). Charges for various goods and services provided 7.6% of the total revenues (see chart following). The State's governmental activities expenses cover a range of services and the largest expenses were 39.7% for health services, 15.3% for social services, and 14.4% for state support of K-12 education (see chart following). In 2019, governmental activities expenses exceeded program revenues, resulting in the use of \$4.6 billion in general revenues, which were generated to support the government.

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



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



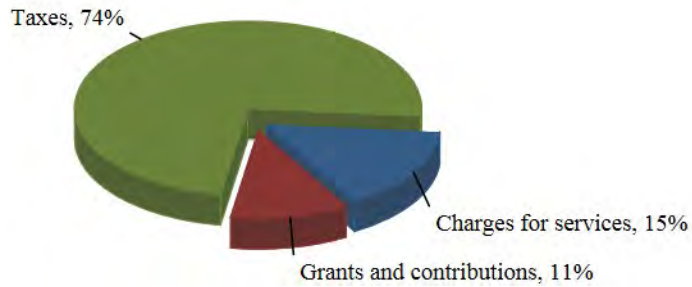
The following table depicts the total program revenues and expenses for each function of governmental activities:

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

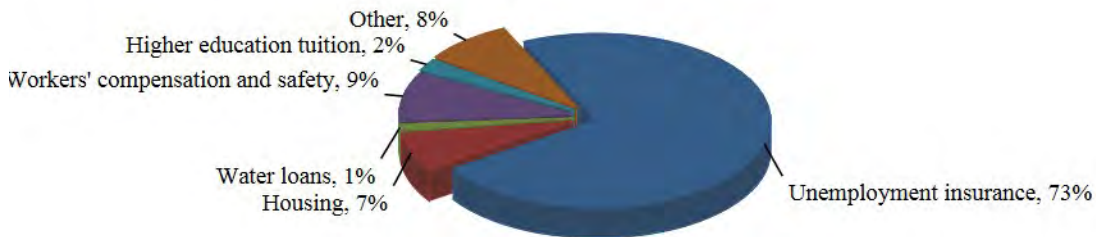
	Expenses	Revenues
General government	\$ 391,688	\$ 226,623
Health services	4,391,281	3,613,389
Social services	1,699,099	1,118,206
Education - K-12 state support	1,595,968	5,160
Education - K-12 administrative	606,585	353,654
Education - higher education	672,643	-
Law, justice and public safety	712,443	360,956
Regulation of business	332,615	282,205
Transportation	483,718	411,586
Recreation and resource development	183,102	110,613
Total	\$ 11,069,142	\$ 6,482,392

Business-type activities – The current year net position increased by \$518.7 million. Approximately 74.6% of the total revenue came from taxes, while 10.7% was in the form of grants and contributions (including federal aid). Charges for various goods and services provided 14.8% of the total revenues (see chart following). The State’s business-type activities expenses cover a range of services. The largest expenses were 72.5% for unemployment compensation (see chart following). In 2019, business-type activities expenses exceeded program revenues by \$154.1 million. Of this amount, unemployment compensation was the largest, with net expenses of \$238.1 million, resulting in the use of general revenues generated by and restricted to the Unemployment Compensation Fund.

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



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



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

	Expenses	Revenues
Unemployment insurance	\$ 281,191	\$ 43,098
Housing	27,805	39,096
Water loans	4,361	32,140
Workers' compensation and safety	34,563	54,442
Higher education tuition	8,046	32,055
Other	31,919	32,905
Total	\$ 387,885	\$ 233,736

The State's overall financial position improved over the past year. Current year operations resulted in a \$892.9 million increase in the net position of the governmental activities and a \$518.7 million increase in the net position of the business-type activities. Key economic indicators from the State's sales and other taxes continue to show positive growth. Tax revenues for governmental activities increased in the current fiscal year \$318.1 million or 6.4% compared to an increase of \$65.1 million or 1.3% in the prior fiscal year. In addition, operating grants and contributions for governmental activities increased \$247.5 million primarily due to Medicaid receipts.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

Governmental Funds:

As of the end of the current fiscal year, the State's governmental funds reported combined ending fund balances of \$2.2 billion, an increase of \$256.7 million from the prior year, after restatement. Of these total ending fund balances, \$413.8 million or 18.4% is nonspendable, either due to its form or legal constraints, and \$647.0 million or 28.8% is restricted for specific programs by external

constraints, constitutional provisions, or contractual obligations. An additional \$1.4 billion or 62.4% of total fund balance has been committed to specific purposes. Committed amounts cannot be used for any other purpose unless approved by the Legislature. NRS 353.288 provides for the Account to Stabilize the Operation of the State Government (Stabilization Account) in the State General Fund. Additions to the stabilization arrangement are triggered at the end of a fiscal year if the General Fund unrestricted fund balance (budgetary basis) exceeds 7% of General Fund operating appropriations. Forty percent of the excess is deposited to the Stabilization Account, and is classified on the balance sheet as committed for fiscal emergency. In addition, 1% of the total anticipated revenue for the fiscal year, as projected by the Economic Forum, is deposited to the Stabilization Account. Expenditures may occur if actual revenues for the biennium fall short by 5% or more from anticipated revenues, if the Legislature and Governor declare that a fiscal emergency exists, or if the Legislature allocates it to be used for any other purpose. The balance in the Stabilization Account committed for fiscal emergency at June 30, 2019 is \$356.7 million. The remaining negative \$216.9 million or (9.7)% 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 \$808.7 million compared to \$547.7 million in the prior fiscal year. The fund balance increased by \$261.0 million or 47.7% over the previous year. The negative unassigned fund balance of \$216.9 million is primarily due to an accrual for Medicaid expenditures and for unearned gaming taxes already collected and budgeted but not yet recognized as revenues.

The following schedule presents a summary of revenues of the General Fund for the fiscal years ended June 30, 2019 and 2018 (expressed in thousands). Other financing sources are not included.

	General Fund Revenues (expressed in thousands)					
	2019		2018		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
Gaming taxes, fees, licenses	\$ 941,144	9.0 %	\$ 849,965	8.8 %	\$ 91,179	10.7 %
Sales taxes	1,465,518	14.1 %	1,337,930	13.9 %	127,588	9.5 %
Modified business taxes	640,375	6.2 %	581,844	6.1 %	58,531	10.1 %
Insurance premium taxes	422,512	4.1 %	394,263	4.1 %	28,249	7.2 %
Lodging taxes	183,398	1.8 %	179,951	1.9 %	3,447	1.9 %
Cigarette taxes	164,393	1.6 %	160,665	1.7 %	3,728	2.3 %
Commerce taxes	226,770	2.2 %	201,927	2.1 %	24,843	12.3 %
Property and transfer taxes	104,431	1.0 %	106,921	1.1 %	(2,490)	(2.3)%
Motor and special fuel taxes	2,289	0.0 %	2,255	0.0 %	34	1.5 %
Other taxes	434,980	4.2 %	406,907	4.2 %	28,073	6.9 %
Intergovernmental	5,246,960	50.4 %	4,867,647	50.7 %	379,313	7.8 %
Licenses, fees and permits	388,527	3.7 %	383,914	4.0 %	4,613	1.2 %
Sales and charges for services	70,008	0.7 %	67,368	0.7 %	2,640	3.9 %
Interest and investment income	44,986	0.4 %	9,593	0.1 %	35,393	368.9 %
Settlement income	22,780	0.2 %	1,151	0.0 %	21,629	1,879.1 %
Other	52,108	0.5 %	57,840	0.6 %	(5,732)	(9.9)%
Total revenues	\$ 10,411,179	100.0 %	\$ 9,610,141	100.0 %	\$ 801,038	8.3 %

The total General Fund revenues increased \$801.0 million or 8.3%. The largest increases in revenue sources were \$379.3 million or 7.8% in intergovernmental revenues, \$127.6 million or 9.5% in sales taxes, \$91.2 million or 10.7% in gaming taxes, fees, licenses and \$58.5 million or 10.1% in modified business taxes. The increase in intergovernmental revenues is primarily due to an increase of \$176.0 million in receipts for Medicaid over the prior year. The increase in sales taxes is a result of an increase in taxable sales, while the increase in gaming taxes, fees, licenses is a combination of an increase in gaming win and a decrease in transferable tax credits applied to gaming taxes. The increase in modified business taxes is a result of an increase in gross wages. Decreases in revenue sources were \$5.7 million in other revenue, and \$2.5 million in property and transfer taxes.

The following schedule presents a summary of expenditures by function of the General Fund for the fiscal years ended June 30, 2019 and 2018 (expressed in thousands). Other financing uses are not included.

General Fund Expenditures (expressed in thousands)

	2019		2018		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
General government	\$ 205,310	2.0 %	\$ 177,106	1.8 %	\$ 28,204	15.9 %
Health services	4,397,082	43.3 %	4,132,487	42.6 %	264,595	6.4 %
Social services	1,635,930	16.1 %	1,592,241	16.4 %	43,689	2.7 %
Education - K-12 state support	1,595,968	15.7 %	1,612,584	16.6 %	(16,616)	(1.0)%
Education - K-12 administrative	602,009	5.9 %	562,281	5.8 %	39,728	7.1 %
Education - higher education	677,048	6.7 %	645,297	6.7 %	31,751	4.9 %
Law, justice and public safety	559,392	5.5 %	530,498	5.5 %	28,894	5.4 %
Regulation of business	310,440	3.1 %	292,614	3.0 %	17,826	6.1 %
Recreation and resource development	156,949	1.5 %	146,621	1.5 %	10,328	7.0 %
Debt service	3,669	0.0 %	3,718	0.0 %	(49)	(1.3)%
Total expenditures	\$ 10,143,797	100.0 %	\$ 9,695,447	100.0 %	\$ 448,350	4.6 %

The total General Fund expenditures increased 4.6%. The largest increases in expenditures were \$264.6 million or 6.4% in health services expenditures due to expansion of the Medicaid program, \$43.7 million or 2.7% in social services due to construction of the Northern Nevada State Veterans Home and a project to replace the child support enforcement system (NV KIDS), and \$39.7 million or 7.1% in education - K-12 administrative due to an increase in federal program funding. The largest decrease was \$16.6 million or 1.0% in education - K-12 state support due to an increase in local taxes which reduced the state's share in the funding model.

The *State Highway Fund* is a special revenue fund used to account for the maintenance, regulation and construction of public highways and is funded through vehicle fuel taxes, federal funds, other charges and bond revenue. The fund balance decreased by \$65.1 million or 12.3% during the current fiscal year compared to a decrease of \$18.0 million or 3.3% in the prior year. The current year net change in fund balance was a decrease of \$68.6 million, and beginning fund balance was increased by \$3.5 million for correction of an error for expenditures recorded in fiscal year 2018 that were for purchases of items not received prior to year-end and which should have been recorded in fiscal year 2019. Total revenues increased by \$12.7 million. This current year change is primarily a combination of increases in motor and special fuel taxes of \$10.3 million, interest and investment income of \$14.3 million, vehicle registration fees of \$8.2 million and a decrease in intergovernmental revenues of \$24.1 million. Expenditures decreased by \$69.9 million or 5.9% over the prior year. This was primarily due to a decrease of \$67.5 million in transportation expenditures, due to major road construction projects either nearing completion or being completed. One such project nearing completion is Project NEON, and the Carson Freeway Project was completed in 2019. Other financing sources and uses decreased by \$133.2 million or 106.4% over the prior year, primarily since no Highway bonds were issued in 2019.

The *Municipal Bond Bank Fund* is a special revenue fund used to account for revenues and expenditures associated with buying local government bonds with proceeds of State general obligation bonds. The fund balance decreased by \$3.4 million during the current fiscal year, which is a 3.7% decrease from the prior year. This decrease was primarily due to principal payments received from municipalities for outstanding loans, which reduced the loans receivable. The principal and interest received from the municipalities is then transferred out to the debt service fund.

The *Permanent School Fund* is a permanent fund used to account for certain property and the proceeds derived from such property, escheated estates, and all fines collected under penal laws of the State, which become permanent assets of the fund. All earnings on the assets are to be used for education. The fund balance increased by \$6.0 million or 1.7%, of which \$3.9 million is a decrease to beginning fund balance. Beginning fund balance was restated to correct an error identified by the Nevada Capital Investment Corporation, a discretely presented component unit, for earnings paid to the Permanent School Fund erroneously since 2013. The increase in current activity of \$9.9 million is due to revenues from land sales and court fines.

Proprietary Funds:

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

Enterprise Funds – There are four major enterprise funds: Housing Division Fund, Unemployment Compensation Fund, Water Projects Loans Fund and the Higher Education Tuition Trust Fund. The combined net position of the four major funds is \$2.7 billion, the net position of the nonmajor enterprise funds is \$26.9 million and the total combined net position of all enterprise funds is \$2.8 billion. The combined net position of all enterprise funds increased by \$519.3 million in 2019. 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 \$11.3 million or 5.3%, resulting in an ending net position of \$226.4 million. Revenues from interest on loans increased by 38.5% reflecting Nevada's strong housing market. Operating expenses increased by \$4.3 million, and operating revenues increased by \$4.4 million.

The *Unemployment Compensation Fund* accounts for the payment of unemployment compensation benefits to unemployed State citizens. The net position increased by \$448.4 million during the current fiscal year, resulting in an ending net position of \$1.9 billion. The increase in net position is primarily due to revenues exceeding expenses by \$446.5 million. During fiscal year 2019, \$281.2 million of unemployment compensation benefits was paid to unemployed State citizens compared to \$297.3 million paid in fiscal year 2018, representing a 5.4% decrease in claims expense.

The *Water Projects Loans Fund* issues loans to governmental and private entities for two programs: Safe Drinking Water and Water Pollution Control. The federal EPA matches the State's bond proceeds to make loans to governmental entities; only federal funds are loaned to private entities. The net position increased by \$26.0 million during the current fiscal year, for a final net position of \$458.8 million, which is a 6.0% 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-first enrollment period during the fiscal year with 669 new enrollments. The net position increased by \$24.6 million, for an ending net position of \$127.7 million, a 23.9% increase over last year, primarily due to a decrease in claims expenses.

Internal Service Funds – The internal service funds charge State agencies for goods and services such as building maintenance, purchasing, printing, insurance, data processing and fleet services in order to recover the costs of the goods or services. Rates charged to State agencies for the operations of internal service funds are adjusted in following years to offset gains and losses. Because these are allocations of costs to other funds, they are not included separately in the government-wide financial statements but are eliminated and reclassified as either governmental activities or business-type activities. In 2019, total internal service fund net position decreased by \$13.0 million, for a final net position deficit of \$10.6 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 decreased by \$18.1 million or 23.8% during the current year, for a final net position of \$58.1 million. The decrease in net position from current activity is primarily due to replacing one of the fully insured health plans with a self funded plan, which resulted in higher claims payments for those members.

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 increased by \$5.9 million or 40.4% during the current year, for a final net position deficit of \$20.5 million. The decrease in net position from current activity is a result of a reduction in user assessments charged, higher salaries and benefits expense and an increase in depreciation expense. 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 \$2.0 million or 4.4% during the current year, resulting in an ending net position deficit of \$43.0 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 \$592.1 million or 4.6% less than the final budget, primarily because actual intergovernmental revenues received were less than the final budgeted amount. Intergovernmental revenues represent federal grants, and there are timing differences arising from when grants are awarded, received and spent. The final budget can include grant revenue for the entire grant period, whereas the actual amount recorded represents grant revenue received in the current year.

The net increase in the General Fund expenditures and other uses budget from original to final was \$1.4 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 \$966.1 million. Other significant increases were a result of appropriations approved by the 80th (2019) Legislative Session, including \$91.8 million for capital improvement projects and purchase of vehicles; \$56.2 million for a new State enterprise resource planning system and other implementation projects for technology systems; \$38.0 million to restore balances in stale claims and contingency accounts; \$33.0 million for an appropriation to the Millennium Scholarship Fund; \$20.8 million for education increases in K-12 enrollment, school safety facility improvements and incentives for teachers; \$17.8 million for increases in Medicaid; \$15.0 million for costs of the 80th Legislative Session; and \$13.7 million for conservation and natural resources equipment, projects and maintenance.

CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

Capital Assets:

The State’s capital assets for governmental and business-type activities as of June 30, 2019 amount to \$12.2 billion, net of accumulated depreciation of \$1.4 billion, leaving a net book value of \$10.8 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, 2019, the State had construction contract commitments of approximately \$299.2 million in the Highway Fund for construction of various highway projects, and \$91.2 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 or functionally obsolete. The following table shows the State's policy and the condition level of the roadways and bridges:

Condition Level of the Roadways

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

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

Condition Level of the Bridges

Percentage of substandard bridges

	2017	2016	2015
State Policy-minimum percentage	10%	10%	10%
Actual results condition assessment	1%	2%	4%

The estimated amount necessary to maintain and preserve infrastructure assets at target condition levels exceeded the actual amounts of expense incurred for fiscal year 2019 by \$4.6 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 \$2.87 billion in bonds and certificates of participation outstanding, compared to \$2.92 billion last year, a decrease of \$42.1 million or 1.4% during the current fiscal year. This decrease was due primarily to the payment of principal on debt.

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.

Statement of Net Position

June 30, 2019 (Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and pooled investments	\$ 2,443,580	\$ 1,906,125	\$ 4,349,705	\$ 257,622
Investments	324,061	500,780	824,841	1,462,378
Internal balances	(7,131)	7,131	-	-
Due from component unit	30,446	2	30,448	-
Due from primary government	-	-	-	171,634
Accounts receivable	160,958	3,488	164,446	68,716
Taxes/assessments receivable	1,397,294	215,089	1,612,383	-
Intergovernmental receivables	603,763	1,313	605,076	70,255
Accrued interest and dividends	11,168	24,103	35,271	192
Contracts receivable	-	38,602	38,602	-
Mortgages receivable	-	465,108	465,108	-
Notes/loans receivable	103,850	430,538	534,388	7,743
Capital lease receivable	47,455	-	47,455	-
Other receivables	-	-	-	10,206
Inventory	23,080	1,555	24,635	7,459
Prepaid expenses	4,709	525	5,234	26,850
<i>Restricted assets:</i>				
Cash	2,148	-	2,148	94,238
Investments	-	165,154	165,154	11,943
Other assets	4	5	9	74,191
<i>Capital assets:</i>				
Land, infrastructure and construction in progress	9,291,577	568	9,292,145	378,005
Other capital assets, net	1,467,319	13,029	1,480,348	2,070,725
Total assets	15,904,281	3,773,115	19,677,396	4,712,157
Deferred Outflows of Resources				
Deferred charge on refunding	49,958	394	50,352	12,052
Pension contributions	398,131	7,359	405,490	72,220
OPEB contributions	24,274	484	24,758	16,725
Total deferred outflows of resources	472,363	8,237	480,600	100,997
Liabilities				
Accounts payable	1,400,606	35,025	1,435,631	70,915
Accrued payroll and related liabilities	57,943	1,050	58,993	82,716
Intergovernmental payables	249,723	642	250,365	-
Interest payable	17,110	3,484	20,594	15,012
Due to component units	150,795	9	150,804	-
Due to primary government	-	-	-	30,448
Contracts/retentions payable	84,099	-	84,099	-
Unearned revenues	147,220	12,321	159,541	66,767
Other liabilities	87,434	30	87,464	50,533
Long-term liabilities:				
<i>Portion due or payable within one year:</i>				
Reserve for losses	112,449	-	112,449	-
Obligations under capital leases	3,604	-	3,604	2,468
Compensated absences	76,992	1,435	78,427	38,493
Tuition benefits payable	-	18,351	18,351	-
Bonds payable	192,401	20,274	212,675	45,106
Certificates of participation payable	3,514	-	3,514	-
Pollution remediation obligations	747	-	747	-
<i>Portion due or payable after one year:</i>				
Federal advances	-	-	-	7,303
Reserve for losses	43,770	-	43,770	-
Obligations under capital leases	11,266	-	11,266	50,329
Net pension liability	2,219,471	41,761	2,261,232	404,877

Statement of Net Position

June 30, 2019 (Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Net OPEB liability	777,594	15,495	793,089	520,472
Compensated absences	27,667	484	28,151	17,383
Tuition benefits payable	-	192,754	192,754	-
Bonds payable	1,922,514	660,779	2,583,293	741,150
Certificates of participation payable	74,587	-	74,587	-
Due to component unit	20,830	-	20,830	-
Unearned revenue	-	-	-	44,206
Pollution remediation obligations	4,525	-	4,525	-
Total liabilities	7,686,861	1,003,894	8,690,755	2,188,178
Deferred Inflows of Resources				
Pension related amounts	170,602	3,029	173,631	20,849
OPEB related amounts	52,139	1,039	53,178	34,899
Taxes	93	-	93	-
Fines and forfeitures	931	-	931	-
Lease revenue	-	-	-	6,621
Split-interest agreements	-	-	-	2,861
Service concession arrangement	-	-	-	2,645
Total deferred inflows of resources	223,765	4,068	227,833	67,875
Net Position				
Net investment in capital assets	9,309,140	5,834	9,314,974	1,706,365
Restricted for:				
Unemployment compensation	-	1,933,966	1,933,966	-
Tuition contract benefits	-	127,707	127,707	-
Security of outstanding obligations	-	187,215	187,215	-
Workers' compensation	-	26,387	26,387	-
Capital projects	2,243	-	2,243	162,358
Debt service	26,635	-	26,635	32,066
Education - K to 12	3,611	-	3,611	7,813
Transportation	403,935	-	403,935	-
Recreation and resource development	46,951	-	46,951	-
Law, justice and public safety	52,577	-	52,577	-
Health services	280,616	-	280,616	-
Regulation of business	32,003	2	32,005	-
Scholarships	-	-	-	531,346
Loans	-	458,785	458,785	6,985
Research and development	-	-	-	11,200
Other purposes	300	-	300	11,570
Funds held as permanent investments:				
Nonexpendable	366,734	-	366,734	431,137
Expendable	21	-	21	-
Unrestricted (deficit)	(2,058,748)	33,494	(2,025,254)	(343,739)
Total net position	\$ 8,466,018	\$ 2,773,390	\$ 11,239,408	\$ 2,557,101

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

Statement of Activities

For the Year Ended June 30, 2019 (Expressed in Thousands)

Function/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary Government								
<i>Governmental activities:</i>								
General government	\$ 391,690	\$ 210,572	\$ 16,051	\$ -	\$ (165,067)	\$ -	\$ (165,067)	-
Health services	4,391,281	187,583	3,425,806	-	(777,892)	-	(777,892)	-
Social services	1,699,099	50,875	1,044,262	23,069	(580,893)	-	(580,893)	-
Education - K-12 state support	1,595,968	-	5,160	-	(1,590,808)	-	(1,590,808)	-
Education - K-12 administrative	606,585	3,172	350,482	-	(252,931)	-	(252,931)	-
Education - higher education	672,643	-	-	-	(672,643)	-	(672,643)	-
Law, justice and public safety	712,443	283,688	63,368	13,900	(351,487)	-	(351,487)	-
Regulation of business	332,615	95,363	186,842	-	(50,410)	-	(50,410)	-
Transportation	483,718	32,635	374,530	4,421	(72,132)	-	(72,132)	-
Recreation and resource development	183,102	55,137	54,177	1,299	(72,489)	-	(72,489)	-
Interest on long-term debt	75,913	-	1,113	-	(74,800)	-	(74,800)	-
Unallocated depreciation	2,306	-	-	-	(2,306)	-	(2,306)	-
Total governmental activities	<u>11,147,363</u>	<u>919,025</u>	<u>5,521,791</u>	<u>42,689</u>	<u>(4,663,858)</u>	<u>-</u>	<u>(4,663,858)</u>	<u>-</u>
<i>Business-type activities:</i>								
Unemployment insurance	281,188	4,198	38,900	-	-	(238,090)	(238,090)	-
Housing	27,805	26,707	12,389	-	-	11,291	11,291	-
Water loans	4,361	9,527	22,613	-	-	27,779	27,779	-
Workers' compensation and safety	34,563	49,781	4,661	-	-	19,879	19,879	-
Higher education tuition	8,046	13,792	18,263	-	-	24,009	24,009	-
Other	31,921	31,848	1,057	-	-	984	984	-
Total business-type activities	<u>387,884</u>	<u>135,853</u>	<u>97,883</u>	<u>-</u>	<u>-</u>	<u>(154,148)</u>	<u>(154,148)</u>	<u>-</u>
Total primary government	<u>\$ 11,535,247</u>	<u>\$ 1,054,878</u>	<u>\$ 5,619,674</u>	<u>\$ 42,689</u>	<u>(4,663,858)</u>	<u>(154,148)</u>	<u>(4,818,006)</u>	<u>-</u>
Total component units	<u>\$ 2,023,518</u>	<u>\$ 775,542</u>	<u>\$ 486,498</u>	<u>\$ 3,711</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(757,767)</u>

General Revenues:				
Taxes:				
Gaming taxes	953,711	-	953,711	-
Sales and use taxes	1,293,167	-	1,293,167	-
Modified business taxes	640,552	-	640,552	-
Insurance premium taxes	422,106	-	422,106	-
Cigarette taxes	164,393	-	164,393	-
Commerce taxes	227,431	-	227,431	-
Property and transfer taxes	118,653	-	118,653	-
Lodging taxes	25,079	-	25,079	-
Motor and special fuel taxes	2,289	-	2,289	-
Other taxes	419,194	422	419,616	-
Restricted for unemployment compensation:				
Other taxes	-	684,562	684,562	-
Restricted for general government purposes:				
Settlement income	396	-	396	-
Restricted for health services purposes:				
Other taxes	52,054	-	52,054	-
Restricted for social services purposes:				
Other taxes	13,903	-	13,903	-
Restricted for educational purposes:				
Sales and use taxes	180,822	-	180,822	-
Lodging taxes	183,398	-	183,398	-
Restricted for law, justice and public safety:				
Other taxes	64	-	64	-
Restricted for regulation of business:				
Other taxes	4,546	-	4,546	-
Restricted for transportation purposes:				
Motor and special fuel taxes	250,301	-	250,301	-
Other taxes	89,174	-	89,174	-
Restricted for recreation and resources development:				
Other taxes	602	-	602	-
Settlement income	1,902	-	1,902	-
Restricted for debt service purposes:				
Property and transfer taxes	165,961	-	165,961	-
Motor and special fuel taxes	74,884	-	74,884	-
Other	5,110	-	5,110	-
Settlement income	60,396	-	60,396	-
Unrestricted investment earnings	37,983	-	37,983	86,794
Gain on sale of assets	-	-	-	7,969
Other general revenues	148,318	-	148,318	5,594
Contributions to permanent funds	8,259	-	8,259	20,663
Payments from State of Nevada	-	-	-	645,649
Transfers	12,121	(12,121)	-	-
Total general revenues, contributions, payments and transfers	<u>5,556,769</u>	<u>672,863</u>	<u>6,229,632</u>	<u>766,669</u>
Change in net position	<u>892,911</u>	<u>518,715</u>	<u>1,411,626</u>	<u>8,902</u>
Net position - beginning	4,453,993	2,254,675	6,708,668	2,540,481
Net position restatement	3,119,114	-	3,119,114	7,718
Net position - beginning (as restated)	<u>7,573,107</u>	<u>2,254,675</u>	<u>9,827,782</u>	<u>2,548,199</u>
Net position - ending	<u>\$ 8,466,018</u>	<u>\$ 2,773,390</u>	<u>\$ 11,239,408</u>	<u>\$ 2,557,101</u>

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

Balance Sheet

Governmental Funds

June 30, 2019

	General Fund	State Highway	Municipal Bond Bank	Permanent School Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
<i>Cash and pooled investments:</i>						
Cash with treasurer	\$ 1,176,031,102	\$ 453,841,521	\$ 5,600	\$ 24,327,998	\$ 563,805,142	\$ 2,218,011,363
Cash in custody of other officials	4,742,916	196,197	-	26,377,614	84,508	31,401,235
Investments	12,719,108	-	-	309,847,395	1,494,080	324,060,583
<i>Receivables:</i>						
Accounts receivable	120,237,233	6,980,332	-	660	20,633,463	147,851,688
Taxes receivable	1,336,409,417	60,037,803	-	-	846,486	1,397,293,706
Intergovernmental receivables	567,933,344	23,595,719	-	275,608	9,130,079	600,934,750
Accrued interest and dividends	9,979,742	-	1,140,447	43,697	3,791	11,167,677
Notes/loans receivable	15,700,472	-	88,085,000	-	-	103,785,472
Capital lease receivable	-	-	-	-	47,455,000	47,455,000
Due from other funds	82,325,277	19,515,880	723	233,103	156,914,109	258,989,092
Due from fiduciary funds	302,649	-	-	-	2,549,049	2,851,698
Due from component units	11,307	7	-	30,219,778	183,930	30,415,022
Inventory	6,426,619	16,030,168	-	-	364,142	22,820,929
Advances to other funds	4,868,593	3,577,419	-	-	150,636	8,596,648
Restricted cash	2,147,588	-	-	-	-	2,147,588
Prepaid items	3,945,320	396,340	-	-	95,452	4,437,112
Total assets	\$ 3,343,780,687	\$ 584,171,386	\$ 89,231,770	\$ 391,325,853	\$ 803,709,867	\$ 5,212,219,563
Liabilities						
<i>Accounts payable and accruals:</i>						
Accounts payable	\$ 713,832,512	\$ 9,433,758	\$ -	\$ -	\$ 9,726,293	\$ 732,992,563
Accrued payroll and related liabilities	40,459,906	14,093,619	-	-	1,988,416	56,541,941
Intergovernmental payables	232,472,944	16,137,907	-	-	1,040,771	249,651,622
Contracts/retentions payable	720,787	53,319,805	-	-	30,058,822	84,099,414
Due to other funds	171,585,238	18,021,290	6,032	24,182,244	67,823,371	281,618,175
Due to fiduciary funds	657,117,528	185,342	-	-	51,894	657,354,764
Due to component units	44,732,879	291,665	-	-	105,757,093	150,781,637
Unearned revenues	141,889,528	38,959	-	-	1,630,103	143,558,590
Other liabilities	82,934,067	2,819,207	-	417,848	1,262,940	87,434,062
Total liabilities	2,085,745,389	114,341,552	6,032	24,600,092	219,339,703	2,444,032,768
Deferred Inflows of Resources						
<i>Unavailable revenue:</i>						
Taxes	146,080,635	957,117	-	-	384,997	147,422,749
Intergovernmental	265,287,159	-	-	-	-	265,287,159
Licenses, fees and permits	3,844,785	2,129,771	-	-	-	5,974,556
Sales and charges for services	6,896,792	557,423	-	-	7,780	7,461,995
Settlement income	-	-	-	-	18,578,438	18,578,438
Lease principal payments	-	-	-	-	47,455,000	47,455,000
Interest	1,206,189	456,846	145,298	21,009	581,502	2,410,844
Other	25,008,386	3,547,487	-	660	1,016,222	29,572,755
Taxes	93,017	-	-	-	-	93,017
Fines and forfeitures	931,334	-	-	-	-	931,334
Total deferred inflows of resources	449,348,297	7,648,644	145,298	21,669	68,023,939	525,187,847
Fund Balances						
Nonspendable	30,206,848	16,426,508	-	366,704,092	489,594	413,827,042
Restricted	79,610,540	399,851,049	-	-	167,488,872	646,950,461
Committed	915,746,466	45,903,633	89,080,440	-	348,367,759	1,399,098,298
Unassigned	(216,876,853)	-	-	-	-	(216,876,853)
Total fund balances	808,687,001	462,181,190	89,080,440	366,704,092	516,346,225	2,242,998,948
Total liabilities, deferred inflows of resources and fund balances	\$ 3,343,780,687	\$ 584,171,386	\$ 89,231,770	\$ 391,325,853	\$ 803,709,867	\$ 5,212,219,563

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, 2019

Total fund balances - governmental funds		\$ 2,242,998,948
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	\$ 168,862,304	
Construction in progress	2,315,177,612	
Infrastructure assets	5,844,906,871	
Rights-of-way	961,597,236	
Buildings	1,914,901,072	
Improvements other than buildings	154,508,472	
Furniture and equipment	406,968,518	
Software costs	307,280,915	
Accumulated depreciation/amortization	<u>(1,343,638,106)</u>	
Total capital assets		10,730,564,894
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.		
		524,163,496
Intergovernmental receivable not providing current resources.		
		185,538
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.		
		(10,154,317)
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.		
		49,958,254
Deferred outflow of resources related to pensions are not reported in the governmental funds.		
		388,100,114
Deferred outflow of resources related to other post-employment benefits are not reported in the governmental funds.		
		23,606,607
Deferred inflow of resources related to pensions are not reported in the governmental funds.		
		(166,381,217)
Deferred inflow of resources related to other post-employment benefits are not reported in the governmental funds.		
		(50,705,492)
Certain liabilities for settlement agreements are not due and payable in the current period and therefore are not reported in the funds.		
		(3,401)
Amounts due to component unit for bonds authorized to be issued are not reported in the funds as they are not due and payable.		
		(20,830,000)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Net pension liability	(2,163,532,517)	
Net OPEB liability	(756,201,189)	
Bonds payable	(2,111,718,684)	
Accrued interest on bonds	(17,109,897)	
Certificates of participation	(78,101,598)	
Capital leases	(12,400,529)	
Compensated absences	(101,148,811)	
Pollution remediation liability	<u>(5,272,000)</u>	
Total long-term liabilities		<u>(5,245,485,225)</u>
Net position of governmental activities		<u>\$ 8,466,018,199</u>

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, 2019

	General Fund	State Highway	Municipal Bond Bank	Permanent School Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Gaming taxes, fees, licenses	\$ 941,144,174	\$ -	\$ -	\$ -	\$ 13,365,192	\$ 954,509,366
Sales taxes	1,465,518,389	-	-	-	-	1,465,518,389
Modified business taxes	640,374,679	-	-	-	-	640,374,679
Insurance premium taxes	422,512,406	-	-	-	-	422,512,406
Lodging taxes	183,397,890	-	-	-	-	183,397,890
Cigarette taxes	164,392,540	-	-	-	-	164,392,540
Commerce taxes	226,770,333	-	-	-	-	226,770,333
Property and transfer taxes	104,430,645	-	-	-	180,184,126	284,614,771
Motor and special fuel taxes	2,289,106	250,301,472	-	-	74,884,366	327,474,944
Other taxes	434,980,283	120,560,305	-	-	57,763,619	613,304,207
Intergovernmental	5,246,960,224	386,720,302	-	-	104,303,073	5,737,983,599
Licenses, fees and permits	388,527,182	237,664,273	-	-	23,433,431	649,624,886
Sales and charges for services	70,008,241	18,094,497	-	-	25,938,092	114,040,830
Interest and investment income	44,986,413	19,237,236	3,381,342	16,616,136	14,203,097	98,424,224
Settlement income	22,779,743	-	-	-	40,892,560	63,672,303
Land sales	-	-	-	4,242,460	-	4,242,460
Other	52,107,669	23,628,044	-	5,462,738	18,795,854	99,994,305
Total revenues	10,411,179,917	1,056,206,129	3,381,342	26,321,334	553,763,410	12,050,852,132
Expenditures						
<i>Current:</i>						
General government	205,310,107	-	-	-	37,850,196	243,160,303
Health services	4,397,081,656	-	-	-	1,272	4,397,082,928
Social services	1,635,930,357	-	-	-	85,207,381	1,721,137,738
Education - K-12 state support	1,595,967,613	-	-	-	-	1,595,967,613
Education - K-12 administrative	602,008,583	-	-	-	5,023,700	607,032,283
Education - higher education	677,048,368	-	-	-	28,792,730	705,841,098
Law, justice and public safety	559,392,445	191,368,478	-	-	32,702,596	783,463,519
Regulation of business	310,440,462	-	-	-	21,205,152	331,645,614
Transportation	-	925,474,873	-	-	-	925,474,873
Recreation and resource development	156,948,661	-	-	-	30,655,089	187,603,750
Capital outlay	-	-	-	-	94,754,945	94,754,945
<i>Debt service:</i>						
Principal	2,932,615	-	-	-	163,590,000	166,522,615
Interest, fiscal charges	727,265	-	-	-	98,032,086	98,759,351
Debt issuance costs	9,283	-	-	-	521,666	530,949
Total expenditures	10,143,797,415	1,116,843,351	-	-	598,336,813	11,858,977,579
Excess (deficiency) of revenues over (under) expenditures	267,382,502	(60,637,222)	3,381,342	26,321,334	(44,573,403)	191,874,553
Other Financing Sources (Uses)						
Bonds issued	975,000	-	-	-	58,625,000	59,600,000
Premium on bonds issued	39,380	-	-	-	4,418,657	4,458,037
Sale of capital assets	123,249	-	-	-	10,732	133,981
Transfers in	120,269,407	13,992,752	-	-	187,788,185	322,050,344
Transfers out	(127,848,119)	(21,969,010)	(6,848,544)	(16,382,426)	(147,993,058)	(321,041,157)
Total other financing sources (uses)	(6,441,083)	(7,976,258)	(6,848,544)	(16,382,426)	102,849,516	65,201,205
Net change in fund balances	260,941,419	(68,613,480)	(3,467,202)	9,938,908	58,276,113	257,075,758
Fund balances, July 1	547,745,582	527,284,558	92,547,642	360,679,167	458,070,112	1,986,327,061
Fund balance restatement	-	3,510,112	-	(3,913,983)	-	(403,871)
Fund balances, July 1 (as restated)	547,745,582	530,794,670	92,547,642	356,765,184	458,070,112	1,985,923,190
Fund balances, June 30	\$ 808,687,001	\$ 462,181,190	\$ 89,080,440	\$ 366,704,092	\$ 516,346,225	\$ 2,242,998,948

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, 2019

Net change in fund balances - total governmental funds		\$ 257,075,758
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	\$ 594,262,869	
Depreciation expense	<u>(85,005,754)</u>	
Excess of capital outlay over depreciation expense		509,257,115
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	(59,600,000)	
Premiums on debt issued	<u>(4,458,037)</u>	
Total bond proceeds		(64,058,037)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:		
Bond principal retirement	160,034,677	
Certificates of participation retirement	3,042,000	
Capital lease payments	<u>2,580,615</u>	
Total long-term debt repayment		165,657,292
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.		
		(12,463,324)
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		
		(32,661,033)
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.		
		(2,420,887)
Amortization of deferred loss on early retirement of debt is reported as an expense for the statement of activities.		
		(10,118,684)
Amortization of premiums on bonds and certificates of participation is reported as a reduction of interest expense for the statement of activities.		
		35,309,963
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	12,165,833	
Other post-employment benefit costs, net	4,041,189	
Accrued interest payable	587,419	
Compensated absences	(3,859,170)	
Long term due to component unit	33,198,000	
Settlement agreement liability	546,601	
Pollution remediation liability	<u>653,000</u>	
Total additional expenditures		47,332,872
Net change in net position - governmental activities		<u>\$ 892,911,035</u>

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

Statement of Net Position

Proprietary Funds

June 30, 2019

	Enterprise Funds						
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Assets							
Current assets:							
<i>Cash and pooled investments:</i>							
Cash with treasurer	\$ 1,202,960	\$ -	\$ 97,942,263	\$ 7,672,086	\$ 80,318,493	\$ 187,135,802	\$ 194,167,628
Cash in custody of other officials	-	1,718,495,853	-	277,848	215,049	1,718,988,750	-
Investments	78,025,477	-	-	292,418,805	-	370,444,282	-
<i>Receivables:</i>							
Accounts receivable	-	-	-	22	3,481,952	3,481,974	6,682,054
Assessments receivable	-	215,089,411	-	-	-	215,089,411	-
Intergovernmental receivables	-	-	230,088	-	1,082,848	1,312,936	2,642,664
Contracts receivable	-	-	-	8,865,168	-	8,865,168	-
Mortgages receivable	15,154,214	-	-	-	-	15,154,214	-
Accrued interest and dividends	19,176,981	-	4,538,124	388,108	-	24,103,213	-
Notes/loans receivable	-	-	33,108,438	-	-	33,108,438	5,000
Due from other funds	57,447	7,088,424	878,417	74,318	1,728,170	9,826,776	17,427,470
Due from fiduciary funds	-	-	-	-	6,158	6,158	3,572,619
Due from component units	-	-	-	-	1,760	1,760	31,100
Inventory	-	-	-	-	1,554,824	1,554,824	259,444
Prepaid items	-	-	461	116	524,902	525,479	272,245
<i>Restricted assets:</i>							
Investments	88,689,120	-	-	-	-	88,689,120	-
Total current assets	202,306,199	1,940,673,688	136,697,791	309,696,471	88,914,156	2,678,288,305	225,060,224
Noncurrent assets:							
Investments	130,335,691	-	-	-	-	130,335,691	-
<i>Receivables:</i>							
Contracts receivable	-	-	-	29,736,747	-	29,736,747	-
Mortgages receivable	449,953,296	-	-	-	-	449,953,296	-
Notes/loans receivable	31,387,007	-	366,042,948	-	-	397,429,955	60,000
<i>Restricted assets:</i>							
Investments	76,464,778	-	-	-	-	76,464,778	-
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	173,374	15,904,433	16,882,272	53,848,380
Software costs	-	-	-	-	-	-	16,134,510
Less accumulated depreciation/amortization	(656,556)	-	(5,910)	(133,366)	(10,103,107)	(10,898,939)	(66,917,005)
Total noncurrent assets	688,282,771	-	366,042,948	29,776,755	13,419,485	1,097,521,959	28,394,489
Total assets	890,588,970	1,940,673,688	502,740,739	339,473,226	102,333,641	3,775,810,264	253,454,713
Deferred Outflows of Resources							
Deferred charge on refunding	-	-	191,903	-	201,677	393,580	-
Pension contributions	365,873	-	102,884	58,126	6,831,917	7,358,800	10,030,798
OPEB contributions	24,664	-	6,893	3,891	448,441	483,889	667,472
Total deferred outflows of resources	390,537	-	301,680	62,017	7,482,035	8,236,269	10,698,270

(continued)

	Enterprise Funds						
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Liabilities							
Current liabilities:							
<i>Accounts payable and accruals:</i>							
Accounts payable	\$ 27,136,642	\$ 6,486,629	\$ 29,879	\$ 139,077	\$ 1,170,814	\$ 34,963,041	\$ 6,406,206
Accrued payroll and related liabilities	52,392	-	15,896	7,786	973,548	1,049,622	1,401,050
Interest payable	2,747,860	-	674,142	-	61,878	3,483,880	-
Intergovernmental payables	621,326	-	1,152	-	19,801	642,279	72,370
Bank overdraft	-	-	-	-	-	-	3,829,541
Due to other funds	42,510	202,086	132,591	32,110	1,685,867	2,095,164	2,529,999
Due to fiduciary funds	-	-	-	-	62,204	62,204	14,878
Due to component units	-	-	-	1,952	6,600	8,552	13,598
Unearned revenues	-	-	-	-	12,321,332	12,321,332	3,661,538
Other liabilities	-	18,540	-	-	11,450	29,990	337
<i>Short-term portion of long-term liabilities:</i>							
Reserve for losses	-	-	-	-	-	-	112,449,071
Compensated absences	80,867	-	31,711	14,694	1,307,534	1,434,806	2,389,723
Benefits payable	-	-	-	18,350,735	-	18,350,735	-
Bonds payable	8,731,089	-	11,189,312	-	353,457	20,273,858	513,323
Obligations under capital leases	-	-	-	-	-	-	1,074,233
Total current liabilities	39,412,686	6,707,255	12,074,683	18,546,354	17,974,485	94,715,463	134,355,867
Noncurrent liabilities:							
Advances from other funds	-	-	-	-	144,690	144,690	8,451,958
Reserve for losses	-	-	-	-	-	-	43,770,310
Net pension obligation	2,043,290	-	588,365	325,340	38,804,452	41,761,447	55,938,929
Net OPEB liability	789,749	-	220,735	124,586	14,359,528	15,494,598	21,393,226
Compensated absences	30,231	-	13,775	6,249	434,130	484,385	1,120,417
Benefits payable	-	-	-	192,754,039	-	192,754,039	-
Bonds payable	622,066,780	-	31,302,737	-	7,409,442	660,778,959	2,682,957
Obligations under capital leases	-	-	-	-	-	-	1,394,995
Total noncurrent liabilities	624,930,050	-	32,125,612	193,210,214	61,152,242	911,418,118	134,752,792
Total liabilities	664,342,736	6,707,255	44,200,295	211,756,568	79,126,727	1,006,133,581	269,108,659
Deferred Inflows of Resources							
Pension related amounts	148,193	-	42,671	23,596	2,814,350	3,028,810	4,220,718
OPEB related amounts	52,954	-	14,801	8,354	962,838	1,038,947	1,433,889
Total deferred inflows of resources	201,147	-	57,472	31,950	3,777,188	4,067,757	5,654,607
Net Position							
Net investment in capital assets	141,999	-	-	40,008	5,651,586	5,833,593	22,712,196
<i>Restricted for:</i>							
Unemployment compensation	-	1,933,966,433	-	-	-	1,933,966,433	-
Tuition contract benefits	-	-	-	127,706,717	-	127,706,717	-
Security of outstanding obligations	187,215,133	-	-	-	-	187,215,133	-
Workers' compensation	-	-	-	-	26,386,678	26,386,678	-
Revolving loans	-	-	458,784,652	-	-	458,784,652	-
Regulation of business	-	-	-	-	2,000	2,000	-
Unrestricted (deficit)	39,078,492	-	-	-	(5,128,503)	33,949,989	(33,322,479)
Total net position	\$ 226,435,624	\$ 1,933,966,433	\$ 458,784,652	\$ 127,746,725	\$ 26,911,761	\$ 2,773,845,195	\$ (10,610,283)

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.

(455,966)

Net position of business-type activities

\$ 2,773,389,229

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

Statement of Revenues, Expenditures and Changes in Fund Net Position

Proprietary Funds

For the Fiscal Year Ended June 30, 2019

	Enterprise Funds						Internal Service Funds
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise Funds	Total Enterprise Funds	
Operating Revenues							
Net premium income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 382,188,053
Sales	-	-	-	13,699,172	6,931,894	20,631,066	2,374,388
Assessments	-	684,561,625	-	-	422,044	684,983,669	-
Charges for services	-	-	-	92,600	13,329,824	13,422,424	57,083,787
Rental income	-	-	-	-	135,900	135,900	20,028,259
Interest income on loans/notes	18,400,716	-	9,527,048	-	-	27,927,764	-
Federal government	-	3,418,545	20,381,867	-	-	23,800,412	-
Licenses, fees and permits	-	-	-	-	47,584,758	47,584,758	-
Fines	-	-	-	-	2,587,238	2,587,238	-
Other	8,306,221	4,197,613	-	-	2,451,518	14,955,352	468,605
Total operating revenues	26,706,937	692,177,783	29,908,915	13,791,772	73,443,176	836,028,583	462,143,092
Operating Expenses							
Salaries and benefits	424,862	-	395,554	201,995	37,146,912	38,169,323	41,838,611
Operating	1,501,496	-	2,709,587	624,640	13,522,362	18,358,085	47,042,373
Claims and benefits expense	-	281,191,401	-	7,201,161	3,149,929	291,542,491	328,495,270
Interest on bonds payable	20,338,999	-	1,249,287	-	-	21,588,286	-
Materials or supplies used	-	-	-	-	2,408,387	2,408,387	177,084
Servicers' fees	17,948	-	-	-	-	17,948	-
Depreciation	36,254	-	-	16,698	816,480	869,432	7,432,218
Bond issuance costs	1,031,375	-	-	-	-	1,031,375	-
Insurance premiums	-	-	-	-	-	-	65,697,680
Total operating expenses	23,350,934	281,191,401	4,354,428	8,044,494	57,044,070	373,985,327	490,683,236
Operating Income	3,356,003	410,986,382	25,554,487	5,747,278	16,399,106	462,043,256	(28,540,144)
Nonoperating Revenues (Expenses)							
Interest and investment income	8,045,592	35,481,854	2,231,027	18,263,467	2,122,216	66,144,156	4,726,745
Interest expense	-	-	-	-	(276,025)	(276,025)	(101,403)
Federal grant revenue	4,343,787	-	-	-	3,596,116	7,939,903	-
Federal grant expense	(4,419,658)	-	-	-	-	(4,419,658)	-
Gain (loss) on disposal of assets	-	-	-	-	-	-	(257,346)
Total nonoperating revenues (expenses)	7,969,721	35,481,854	2,231,027	18,263,467	5,442,307	69,388,376	4,367,996
Income before transfers	11,325,724	446,468,236	27,785,514	24,010,745	21,841,413	531,431,632	(24,172,148)
Transfers							
Transfers in	-	7,088,112	5,025	669,982	302,901	8,066,020	11,229,773
Transfers out	-	(5,207,049)	(1,780,040)	-	(13,200,003)	(20,187,092)	(117,888)
Change in net position	11,325,724	448,349,299	26,010,499	24,680,727	8,944,311	519,310,560	(13,060,263)
Net position, July 1	215,109,900	1,485,617,134	432,774,153	103,065,998	17,967,450	-	2,449,980
Net position, June 30	\$ 226,435,624	\$ 1,933,966,433	\$ 458,784,652	\$ 127,746,725	\$ 26,911,761	\$ -	\$ (10,610,283)

Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.	(596,939)
Change in net position of business-type activities	<u>\$ 518,713,621</u>

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, 2019

	Enterprise Funds						
	Major Funds						
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Cash flows from operating activities							
Receipts from customers and users	\$ -	\$ 675,690,924	\$ -	\$ 15,856,420	\$ 76,402,991	\$ 767,950,335	\$ 32,899,724
Receipts for interfund services provided	519,111	1,405,952	-	107,884	1,808,401	3,841,348	424,573,467
Receipts from component units	-	-	-	-	-	-	14,862,445
Receipts of principal on loans/notes	89,650,513	-	-	-	-	89,650,513	5,000
Receipts of interest on loans/notes	19,667,862	-	-	-	-	19,667,862	-
Receipts from Federal government	-	3,418,545	20,493,880	-	-	23,912,425	-
Payments to suppliers, other governments and beneficiaries	(26,584,072)	(280,340,286)	(2,635,502)	7,090,963	(12,321,895)	(314,790,792)	(396,512,333)
Payments to employees	(1,431,719)	-	(425,778)	(208,862)	(37,929,760)	(39,996,119)	(40,977,404)
Payments for interfund services	(726,028)	-	(122,145)	(14,228,136)	(7,146,221)	(22,222,530)	(19,624,325)
Payments to component units	-	-	-	(7,347,829)	(87,155)	(7,434,984)	(180,032)
Purchase of loans and notes	(207,960,480)	-	-	-	-	(207,960,480)	-
Net cash provided by (used for) operating activities	(126,864,813)	400,175,135	17,310,455	1,270,440	20,726,361	312,617,578	15,046,542
Cash flows from noncapital financing activities							
Grant receipts	4,343,787	-	-	-	3,210,266	7,554,053	-
Proceeds from sale of bonds	222,920,326	-	-	-	-	222,920,326	-
Transfers and advances from other funds	-	-	5,125	660,010	12,638	677,773	3,273,645
Principal paid on noncapital debt	(118,005,465)	-	(11,190,000)	-	-	(129,195,465)	-
Interest paid on noncapital debt	(20,054,317)	-	(1,851,575)	-	-	(21,905,892)	-
Transfers and advances to other funds	-	(5,242,229)	(1,896,765)	-	(13,257,555)	(20,396,549)	(393,953)
Payments to other governments and organizations	(4,419,658)	-	-	-	-	(4,419,658)	-
Net cash provided by (used for) noncapital financing activities	84,784,673	(5,242,229)	(14,933,215)	660,010	(10,034,651)	55,234,588	2,879,692
Cash flows from capital and related financing activities							
Proceeds from sale of capital assets	-	-	-	-	-	-	97,281
Purchase of capital assets	-	-	-	-	(243,183)	(243,183)	(2,618,009)
Principal paid on capital debt	-	-	-	-	(277,000)	(277,000)	(1,678,380)
Interest paid on capital debt	-	-	-	-	(316,233)	(316,233)	(101,403)
Net cash provided by (used for) capital and related financing activities	-	-	-	-	(836,416)	(836,416)	(4,300,511)
Cash flows from investing activities							
Proceeds from sale of investments	306,837,141	-	-	-	-	306,837,141	-
Receipts of principal on loans/notes	-	-	32,994,163	-	-	32,994,163	-
Purchase of investments	(280,015,723)	-	-	(17,723,177)	-	(297,738,900)	-
Purchase of loans and notes	-	-	(23,482,867)	-	-	(23,482,867)	-
Interest, dividends and gains (losses)	5,872,162	35,481,854	11,577,108	18,209,827	1,920,822	73,061,773	4,199,606
Net cash provided by (used for) investing activities	32,693,580	35,481,854	21,088,404	486,650	1,920,822	91,671,310	4,199,606
Net increase (decreases) in cash	(9,386,560)	430,414,760	23,465,644	2,417,100	11,776,116	458,687,060	17,825,329
Cash and cash equivalents, July 1	10,589,520	1,288,081,093	74,476,619	5,532,834	68,757,426	1,447,437,492	176,342,299
Cash and cash equivalents, June 30	\$ 1,202,960	\$ 1,718,495,853	\$ 97,942,263	\$ 7,949,934	\$ 80,533,542	\$ 1,906,124,552	\$ 194,167,628

(continued)

	Enterprise Funds						
	Major Funds						Internal Service Funds
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise Funds	Totals	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities							
Operating income (loss)	\$ 3,356,003	\$ 410,986,382	\$ 25,554,487	\$ 5,747,278	\$ 16,399,106	\$ 462,043,256	\$ (28,540,144)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities							
Depreciation	36,254	-	-	16,698	816,480	869,432	7,432,218
Interest on loans	-	-	(9,527,048)	-	-	(9,527,048)	-
Interest on bonds payable	20,338,999	-	1,249,287	-	-	21,588,286	-
Decrease (increase) in loans and notes receivable	(112,829,419)	-	-	-	-	(112,829,419)	5,000
Decrease (increase) in accrued interest and receivables	(15,217,790)	(11,662,362)	112,013	2,172,532	1,772,609	(22,822,998)	5,954,350
Decrease (increase) in inventory, deferred charges, other assets	-	-	(461)	(116)	(284,252)	(284,829)	241,838
Decrease (increase) in deferred outflow of resources	73,154	-	(2,454)	(3,375)	(368,124)	(300,799)	(725,885)
Increase (decrease) in accounts payable, accruals, other liabilities	(21,542,000)	851,115	(40,295)	(6,655,216)	(110,831)	(27,497,227)	25,631,680
Increase (decrease) in unearned revenues	-	-	-	-	2,985,607	2,985,607	3,612,622
Increase (decrease) in net pension liability	(1,027,847)	-	(27,810)	(8,877)	(234,996)	(1,299,530)	1,240,732
Increase (decrease) in net OPEB liability	27,642	-	(3,903)	2,573	(154,579)	(128,267)	72,973
Increase (decrease) in deferred inflows of resources	(79,809)	-	(3,361)	(1,057)	(94,659)	(178,886)	121,158
Total adjustments	(130,220,816)	(10,811,247)	(8,244,032)	(4,476,838)	4,327,255	(149,425,678)	43,586,686
Net cash provided by (used for) operating activities	\$ (126,864,813)	\$ 400,175,135	\$ 17,310,455	\$ 1,270,440	\$ 20,726,361	\$ 312,617,578	\$ 15,046,542

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

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2019

	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Private purpose trust funds	Agency Funds
Assets				
<i>Cash and pooled investments:</i>				
Cash with treasurer	\$ 480,301	\$ -	\$ 10,649,387	\$ 132,739,626
Cash in custody of other officials	164,984,554	7,165,010	21,650,245	30,168,593
<i>Investments:</i>				
Investments	1,728,842	1,904,521,262	26,680,453,066	-
Fixed income securities	11,123,162,688	-	-	-
Marketable equity securities	19,584,793,144	-	-	-
International securities	8,850,569,497	-	-	-
Real estate	2,018,660,096	-	-	-
Alternative investments	2,376,261,251	-	-	-
Collateral on loaned securities	253,210,571	-	-	-
<i>Receivables:</i>				
Accounts receivable	-	-	258,176	-
Taxes receivable	-	-	-	75,857,954
Intergovernmental receivables	133,506,019	-	66,308	1,598
Accrued interest and dividends	167,361,497	26,250,836	2,675,926	-
Other receivables	3,835	-	-	86,961
Contributions receivables	-	-	21,035,190	-
Trades pending settlement	313,815,524	-	2,223,397	-
Due from other funds	159,406	-	159,181	657,113,259
Due from fiduciary funds	24,391,935	-	-	17,020,033
Due from component units	1,411,976	-	-	-
Other assets	3,532,311	-	-	-
Furniture and equipment	45,584,887	-	48,222	-
Less accumulated depreciation/amortization	(41,682,216)	-	(48,222)	-
Total assets	45,021,936,118	1,937,937,108	26,739,170,876	912,988,024
Liabilities				
<i>Accounts payable and accruals:</i>				
Accounts payable	17,026,305	78,432	3,608,755	-
Accrued payroll and related liabilities	-	-	-	18,301
Intergovernmental payables	-	95,618	7,168	762,745,505
Redemptions payable	-	-	10,332,002	-
Trades pending settlement	325,150,400	24,268,504	10,118,292	-
Bank overdraft	-	-	1,337,000	-
Obligations under securities lending	253,210,571	-	-	-
Due to other funds	3,572,619	7,392	2,850,464	-
Due to fiduciary funds	8,348	-	907	41,402,713
<i>Other liabilities:</i>				
Deposits	-	-	-	102,200,022
Other liabilities	122,659	22,625	-	6,621,483
Total liabilities	599,090,902	24,472,571	28,254,588	912,988,024
Net Position				
<i>Restricted for:</i>				
Pension benefits	44,422,613,819	-	-	-
OPEB benefits	231,397	-	-	-
Pool participants	-	1,913,464,537	-	-
Individuals	-	-	26,710,916,288	-
Total net position	\$ 44,422,845,216	\$ 1,913,464,537	\$ 26,710,916,288	\$ -

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, 2019

	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Private purpose trust funds
Additions			
<i>Contributions:</i>			
Employer	\$ 1,012,044,616	\$ -	\$ -
Plan members	965,603,463	-	-
Participants	-	-	9,354,456,572
Repayment and purchase of service	98,770,718	-	-
Total contributions	<u>2,076,418,797</u>	<u>-</u>	<u>9,354,456,572</u>
<i>Investment income:</i>			
Net increase (decrease) in fair value of investments	2,464,216,576	31,078,106	715,704,871
Interest, dividends	938,209,138	42,011,758	889,238,325
Securities lending	4,980,937	-	-
Other	124,740,975	-	-
	<u>3,532,147,626</u>	<u>73,089,864</u>	<u>1,604,943,196</u>
Less investment expense:			
Other	(53,927,375)	(67,187)	-
Net investment income	<u>3,478,220,251</u>	<u>73,022,677</u>	<u>1,604,943,196</u>
<i>Other:</i>			
Investment from local governments	-	2,037,988,649	-
Other	2,888,441	395	-
Total other	<u>2,888,441</u>	<u>2,037,989,044</u>	<u>-</u>
Total additions	<u>5,557,527,489</u>	<u>2,111,011,721</u>	<u>10,959,399,768</u>
Deductions			
Principal redeemed	-	1,889,252,741	7,913,137,188
Benefit payments	2,650,848,542	-	26,657,390
Refunds	33,988,680	-	-
Contribution distributions	219,889	4,043,551	-
Administrative expense	11,991,141	434,665	37,142,099
Total deductions	<u>2,697,048,252</u>	<u>1,893,730,957</u>	<u>7,976,936,677</u>
Change in net position	2,860,479,237	217,280,764	2,982,463,091
Net position, July 1	41,562,365,979	1,696,183,773	23,728,453,197
Net position, June 30	<u>\$ 44,422,845,216</u>	<u>\$ 1,913,464,537</u>	<u>\$ 26,710,916,288</u>

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

Combining Statement of Net Position Discretely Presented Component Units

June 30, 2019

	Major Component Units		Nonmajor Component Unit	Total
	Colorado River Commission	Nevada System of Higher Education	Nevada Capital Investment Corporation	
Assets				
Cash and pooled investments	\$ 17,806,265	\$ 239,816,000	\$ -	\$ 257,622,265
Investments	-	1,424,359,000	38,019,318	1,462,378,318
Due from primary government	179,249	171,454,538	-	171,633,787
Accounts receivable	1,169,508	67,546,462	-	68,715,970
Intergovernmental receivables	-	70,255,000	-	70,255,000
Accrued interest and dividends	178,607	-	13,650	192,257
Notes/loans receivable	-	7,743,000	-	7,743,000
Other receivables	-	10,206,000	-	10,206,000
Inventory	-	7,459,000	-	7,459,000
Prepaid expenses	26,850,074	-	-	26,850,074
<i>Restricted assets:</i>				
Cash	2,501,597	91,736,000	-	94,237,597
Investments	-	11,943,000	-	11,943,000
Other assets	-	74,191,000	-	74,191,000
<i>Capital assets:</i>				
Land, infrastructure and construction in progress	-	378,005,000	-	378,005,000
Other capital assets, net	47,148,049	2,023,577,000	-	2,070,725,049
Total assets	95,833,349	4,578,291,000	38,032,968	4,712,157,317
Deferred Outflows of Resources				
Deferred charge on refunding	-	12,052,000	-	12,052,000
Pension contributions	1,049,737	71,170,000	-	72,219,737
OPEB contributions	69,279	16,656,000	-	16,725,279
Total deferred outflows of resources	1,119,016	99,878,000	-	100,997,016
Liabilities				
Accounts payable	2,808,015	68,107,480	-	70,915,495
Accrued payroll and related liabilities	147,586	82,568,000	-	82,715,586
Interest payable	264,356	14,748,000	-	15,012,356
Due to primary government	6,584	221,520	30,219,778	30,447,882
Unearned revenues	3,331,831	63,435,000	-	66,766,831
Other liabilities	2,818,442	47,715,000	-	50,533,442
<i>Long-term liabilities:</i>				
<i>Portion due or payable within one year:</i>				
Obligations under capital leases	-	2,468,000	-	2,468,000
Compensated absences	282,168	38,211,000	-	38,493,168
Bonds payable	740,000	44,366,000	-	45,106,000
<i>Portion due or payable after one year:</i>				
Federal advances	-	7,303,000	-	7,303,000
Obligations under capital leases	-	50,329,000	-	50,329,000
Net pension liability	5,993,734	398,883,000	-	404,876,734
Net OPEB liability	2,218,398	518,254,000	-	520,472,398
Compensated absences	175,941	17,207,000	-	17,382,941
Bonds payable	26,596,123	714,554,000	-	741,150,123
Unearned revenue	44,206,447	-	-	44,206,447
Total liabilities	89,589,625	2,068,370,000	30,219,778	2,188,179,403
Deferred Inflows of Resources				
Lease revenue	-	6,621,000	-	6,621,000
Split-interest agreements	-	2,861,000	-	2,861,000
Service concession arrangement	-	2,645,000	-	2,645,000
Pension related amounts	434,704	20,414,000	-	20,848,704
OPEB related amounts	148,748	34,750,000	-	34,898,748
Total deferred inflows of resources	583,452	67,291,000	-	67,874,452
Net Position				
Net investment in capital assets	47,148,049	1,659,217,000	-	1,706,365,049
<i>Restricted for:</i>				
Capital projects	-	162,358,000	-	162,358,000
Debt service	-	32,066,000	-	32,066,000
Scholarships	-	531,346,000	-	531,346,000
Loans	-	6,985,000	-	6,985,000
Education - K to 12	-	-	7,813,190	7,813,190
Research and development	11,199,713	-	-	11,199,713
Other purposes	-	11,570,000	-	11,570,000
Funds held as permanent investments:				
Nonexpendable	-	431,137,000	-	431,137,000
Unrestricted (deficit)	(51,568,474)	(292,171,000)	-	(343,739,474)
Total net position	\$ 6,779,288	\$ 2,542,508,000	\$ 7,813,190	\$ 2,557,100,478

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, 2019

	<u>Major Component Units</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>Colorado River Commission</u>	<u>Nevada System of Higher Education</u>	<u>Component Unit Nevada Capital Investment Corporation</u>	
Expenses	\$ 47,034,552	\$ 1,976,485,000	\$ -	\$ 2,023,519,552
<i>Program revenue:</i>				
Charges for services	46,893,443	728,649,000	-	775,542,443
Operating grants and contributions	-	486,498,000	-	486,498,000
Capital grants and contributions	-	3,711,000	-	3,711,000
Total program revenue	46,893,443	1,218,858,000	-	1,265,751,443
<i>General revenues:</i>				
Unrestricted investment earnings	259,352	84,080,000	2,454,230	86,793,582
Gain on sale of assets	-	7,969,000	-	7,969,000
Other general revenues	69,127	5,525,000	-	5,594,127
Contributions to permanent funds	-	20,663,000	-	20,663,000
Payments from State of Nevada	-	645,649,000	-	645,649,000
Total general revenues, contributions and payments	328,479	763,886,000	2,454,230	766,668,709
Change in net position	187,370	6,259,000	2,454,230	8,900,600
Net position, July 1	6,673,554	2,532,363,000	1,444,977	2,540,481,531
Net position restatement	(81,636)	3,886,000	3,913,983	7,718,347
Net position, July 1 (as restated)	6,591,918	2,536,249,000	5,358,960	2,548,199,878
Net position, June 30	\$ 6,779,288	\$ 2,542,508,000	\$ 7,813,190	\$ 2,557,100,478

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

Notes to the Financial Statements

For the Year Ended June 30, 2019

Note 1. Summary of Significant Accounting Policies

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

A. Description of Government-wide Financial Statements

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

B. Reporting Entity

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

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

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

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

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

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

Notes to the Financial Statements

For the Year Ended June 30, 2019

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, 2019

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.

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

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

The State reports the following major enterprise funds:

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

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

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

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

Additionally, the State reports the following fund types:

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

Notes to the Financial Statements

For the Year Ended June 30, 2019

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

Investment Trust Funds - report resources received from local governments that are either pooled in an external investment portfolio for the benefit of all participants or separated into subaccounts of identified investments allocated to specific participating local governments. Examples include the Local Government Investment Pool, the Nevada Enhanced Savings Term and the Retirement Benefits Investment Fund.

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

Agency Funds - report assets and liabilities for deposits and investments entrusted to the State as an agent for others. Examples of funds in this category include state agency fund for bonds, motor vehicle, and child support disbursement.

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

Notes to the Financial Statements

For the Year Ended June 30, 2019

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

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

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

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

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

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

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

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

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

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

Capital Assets and Depreciation - An inventory of State-owned land, buildings and equipment was developed in 1985. All capital assets are recorded in the Statement of Net Position at historical cost or estimated historical cost, based on acquisition of comparable property or agency records, if actual historical cost is not available. Donated capital assets are stated at acquisition value at time of donation. The government defines capital assets as assets with a unit cost of \$5,000 or more for furniture and

Notes to the Financial Statements

For the Year Ended June 30, 2019

equipment, or \$500,000 or more for buildings and improvements or \$1,000,000 or more for internally generated software, and an estimated useful life in excess of one year. Interest incurred during construction is only capitalized in proprietary funds.

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

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

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

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

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

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

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

Notes to the Financial Statements

For the Year Ended June 30, 2019

3. Committed fund balances can be used only for specific purposes pursuant to constraints imposed by a formal action of the government's highest level of decision-making authority, the Nevada Legislature, through legislation passed into law.
4. Assigned fund balance includes amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. Assignments of fund balance are created by the executive branch.
5. Unassigned fund balance is the residual amount of the General Fund not included in the four categories above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

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

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

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

Stabilization Arrangement - NRS 353.288 provides for the Account to Stabilize the Operation of the State Government (Stabilization Account) in the State General Fund. Additions to the stabilization arrangement are triggered at the end of a fiscal year if the General Fund unrestricted fund balance (budgetary basis) exceeds 7% of General Fund operating appropriations. Forty percent of the excess is deposited to the Stabilization Account, and is classified on the balance sheet as committed for fiscal emergency. Additionally, commencing with the fiscal year that began on July 1, 2017, 1% of the total anticipated revenue for the fiscal year in which the transfer will be made as projected by the Economic Forum for that fiscal year, is also deposited to the Stabilization Account. Expenditures may occur if actual revenues for the biennium fall short by 5% or more from anticipated revenues, if the Legislature and Governor declare that a fiscal emergency exists or if the Legislature allocates it to be used for any other purpose. The balance in the Stabilization Account committed for fiscal emergency at June 30, 2019 is \$356,723,399.

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.

Notes to the Financial Statements

For the Year Ended June 30, 2019

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

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

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

Note 2. Budgetary and Legal Compliance

Budgetary Process and Control

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

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

Limited budgetary revisions may be made without Legislative action through the following management/administrative procedures. After obtaining the approval of the Governor, or his designee, the Budget Director, Legislative Interim Finance Committee (LIFC) approval is required of those revisions in excess of \$30,000 which have the effect, when taken into consideration with all other changes during the fiscal year, of increasing or decreasing any legislatively approved expenditure level by 10% or \$75,000, whichever is less. Revisions not exceeding this threshold require only Budget Director approval. The LIFC approval is not equivalent to governing body approval, as total appropriations for a program may not be increased except as follows. The Legislature appropriates limited funds to the Contingency Account, in the General Fund, which may be allocated to programs by the LIFC upon recommendation of the Board of Examiners. Allocations totaling \$15,321,209 were made in the 2019 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.

Notes to the Financial Statements

For the Year Ended June 30, 2019

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

Note 3. Deposits and Investments

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

A. Deposits

Primary Government and Fiduciary Funds - The State minimizes its custodial credit risk by legislation establishing a program to monitor a collateral pool for public deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the State's deposits may not be recovered. NRS 356 directs the Office of the State Treasurer to deposit funds into any state, or national bank, credit union or savings and loan association covered by 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, 2019, deposits in money market funds totaled \$164,055,146, and cash in bank was \$67,933,418 of which \$16,348,152 was uncollateralized and uninsured.

Component Units - Cash and cash equivalents of the Nevada System of Higher Education (NSHE) are stated at cost, which approximates market, and consist of deposits in money market funds, which are not federally insured, and cash in the bank. At June 30, 2019 NSHE's deposits in money market funds totaled \$153,782,000 and cash in bank was \$53,782,000. 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.

Notes to the Financial Statements

For the Year Ended June 30, 2019

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

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

Primary Government and Fiduciary Funds - The State minimizes interest rate risk by maintaining an effective duration of less than 1.5 years and holding at least 25% of the portfolio's total market value in securities with a maturity of 12 months or less. However, the benchmark used by the State Treasurer to determine whether competitive market yields are being achieved is the 90 day U.S. Treasury Bill's average over the previous three month period (Rolling 90 day T-Bill). Investment policies for the pension and other employee benefit trust funds authorize all securities within the Barclays Aggregate Index benchmark. If securities are purchased outside the Barclays U.S. Treasury Index, they must be of investment grade rating by at least two of the following: Moody's, Standard & Poor's or Fitch (BBB- or better by Standard & Poor's/Fitch, Baa3 or better by Moody's) except those issued or guaranteed by the U.S. Government or its agencies. The following table provides information about the interest rate risks associated with the State's investments as of June 30, 2019 (expressed in thousands):

	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasury securities	\$ 12,387,824	\$ 515,218	\$ 7,684,735	\$ 2,100,764	\$ 2,087,107
Negotiable certificate of deposit	749,069	745,151	3,918	-	-
U.S. agencies	953,644	840,609	61,317	22,649	29,069
Repurchase agreements	232,000	232,000	-	-	-
Asset backed corporate securities	59,303	1,172	51,363	6,160	608
Corporate bonds and notes	635,570	257,745	376,457	1,109	259
Commercial paper	674,158	674,158	-	-	-
Investment agreements	63,483	4,625	58,858	-	-
Other investments	6,289	-	6,289	-	-
Money market funds	312,618	312,618	-	-	-
Total	\$ 16,073,958	\$ 3,583,296	\$ 8,242,937	\$ 2,130,682	\$ 2,117,043

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, 2019 (expressed in thousands):

Less than 1 year	\$ 165,573
1 to 5 years	152,419
6 to 10 years	128,775
Total	\$ 446,767

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:

Notes to the Financial Statements

For the Year Ended June 30, 2019

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

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

The State's investments as of June 30, 2019 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	\$ 107,709	\$ 192,654	\$ 4,799	\$ -	\$ 12,082,662
Negotiable certificate of deposit	-	2,522	208,477	-	538,070
U.S. agencies	23,571	784,011	144,581	-	1,481
Mutual funds	-	-	-	-	27,054,778
Repurchase agreements	-	100,000	-	-	132,000
Asset backed corporate securities	17,561	14,979	-	-	26,763
Corporate bonds and notes	5,812	125,742	468,902	25,113	11,662
Commercial paper	-	-	560,040	-	114,118
Investment agreements	-	63,483	-	-	-
Short-term Investments	137,803	-	-	-	-
Other investments	-	4,828	1,461	-	111
Equity securities	-	-	-	-	28,831,365
Real estate	-	-	-	-	2,018,677
Private equity	-	-	-	-	2,376,261
Money market funds	151,706	-	-	-	160,912
Total	\$ 444,162	\$ 1,288,219	\$ 1,388,260	\$ 25,113	\$ 73,348,860

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, 2019 is as follows (at fair value, expressed in thousands):

	Unrated
Mutual funds publicly traded	\$ 472,309
Partnerships	55,186
Endowment cash/cash equivalents	2,601
Trust(s)	4,302
Private commingled funds	293,911
	<u>828,309</u>
Less: GBC Foundation Endowments	(7,996)
Total	\$ 820,313

Notes to the Financial Statements

For the Year Ended June 30, 2019

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, 2019, no individual investment exceeded 5% of the total portfolio of the Primary Government.

At June 30, 2019, the following investments exceeded 5% of the Higher Education Tuition Trust's total investments (expressed in thousands):

	<u>Fair Value</u>	<u>Percentage</u>
Federal Home Loan Mortgage Corp - Asset-Backed Mortgage Security	\$ 20,726	7.09%

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, 2019, the Housing Division's investments in Fannie Mae and Ginnie Mae are 2.49% and 17.53% 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, 2019 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, 2019. The following table summarizes the pension and investment trust funds' exposure to foreign currency risk in U.S. dollars as of June 30, 2019 (expressed in thousands):

	<u>Currency by Investment and Fair Value</u>				
	<u>Equity</u>	<u>Private Equity</u>	<u>Pending Transactions</u>	<u>Cash</u>	<u>Total</u>
Australian Dollar	\$ 529,211	\$ -	\$ -	\$ 121	\$ 529,332
British Pound					
Sterling	1,235,262	19,600	(600)	3,457	1,257,719
Canadian Dollar	757,733	-	(300)	714	758,147
Danish Krone	126,901	-	-	-	126,901
Euro	2,348,021	223,200	(600)	358	2,570,979
Hong Kong Dollar	272,831	-	-	623	273,454
Israeli Shekel	25,030	-	-	101	25,131
Japanese Yen	1,747,312	-	(3,600)	5,178	1,748,890
New Zealand Dollar	18,032	-	-	100	18,132
Norwegian Krone	49,583	-	-	117	49,700
Singapore Dollar	100,554	-	-	4	100,558
S. African Comm					
Rand	100	-	-	-	100
Swedish Krona	196,032	-	-	(300)	195,732
Swiss Franc	686,195	-	(100)	108	686,203
Total	<u>\$ 8,092,797</u>	<u>\$ 242,800</u>	<u>\$ (5,200)</u>	<u>\$ 10,581</u>	<u>\$ 8,340,978</u>

Notes to the Financial Statements

For the Year Ended June 30, 2019

Component Unit - The NSHE does not directly invest in foreign currency investments and is therefore not subject to foreign currency risk. However, it has \$158,938 in mutual funds in both the operating and endowment pools that are primarily invested in international equities at June 30, 2019.

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, 2019 (expressed in thousands):

	Fair Value Measurements Using			Total
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Investments by fair value level				
U.S. Treasury securities	\$ 12,266,279	\$ 56,085	\$ -	\$ 12,322,364
Negotiable certificates of deposit	-	749,069	-	749,069
U.S. agencies	4,885	939,449	-	944,334
Mutual funds	374,325	-	-	374,325
Repurchase agreements	-	232,000	-	232,000
Asset backed corporate securities	1,417	57,886	-	59,303
Corporate bonds & notes	15,551	621,680	-	637,231
Commercial paper	-	674,158	-	674,158
Short-term investments	137,803	-	-	137,803
Other investments	111	6,289	-	6,400
Equity securities	28,802,392	-	-	28,802,392
Money market funds	312,618	-	-	312,618
Total investments by fair value level	<u>\$ 41,915,381</u>	<u>\$ 3,336,616</u>	<u>\$ -</u>	<u>45,251,997</u>
Investments at NAV				
Equity securities				28,973
Mutual funds (unrated)				26,680,453
Real estate				2,018,677
Private equity				<u>2,376,261</u>
Total investments at NAV				<u>31,104,364</u>
Investments at amortized cost				
U.S. Treasury				65,460
U.S. Agencies				9,310
Investment agreements				<u>63,483</u>
Total investments at amortized cost				<u>138,253</u>
Total of Investments				<u>\$ 76,494,614</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, 2019 (excluding PERS).

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

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

Notes to the Financial Statements

For the Year Ended June 30, 2019

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, 2019 is \$2,450,700,480. Collateral received for outstanding securities lending arrangements consisted of cash in the amount of \$253,210,571 and non-cash in the amount of \$2,289,420,671. The cash collateral is reported on the Statement of Fiduciary Net Position as an asset with a related liability. At June 30, 2019, PERS has collateral consisting of cash and securities issued by the U.S. Government, its agencies or instrumentalities, in excess of the fair value of investments held by brokers/dealers under a securities lending agreement.

D. Derivatives

Primary Government – The Office of the State Treasurer’s investment policies do not contain any specific language regarding derivatives other than prohibiting certain types of derivatives such as option contracts, futures contracts, and swaps in the General Portfolios and the Local Government Investment Pool effective June 2012 and November 2015 respectively. The primary government has no exposure to derivatives as of June 30, 2019.

Note 4. Receivables

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

	Major Governmental Funds			Total
	General Fund	Municipal Bond Bank	Permanent School Fund	
As shown on financial statements:				
Intergovernmental receivables	\$ 567,933	\$ -	\$ 276	\$ 568,209
Notes/loans receivable	15,700	88,085	-	103,785
Due from component units	11	-	30,220	30,231
Total	\$ 583,644	\$ 88,085	\$ 30,496	\$ 702,225
Classified:				
Current portion:	\$ 519,700	\$ 4,405	\$ 276	\$ 524,381
Noncurrent portion:				
Intergovernmental receivables	48,978	-	-	48,978
Notes/loans receivable	14,966	83,680	-	98,646
Due from component units	-	-	30,220	30,220
Total noncurrent portion	63,944	83,680	30,220	177,844
Total	\$ 583,644	\$ 88,085	\$ 30,496	\$ 702,225

Not included in the receivable balances are amounts considered to be uncollectible. In the governmental funds, uncollectible taxes receivable are estimated at \$23.4 million, and uncollectible accounts receivable are estimated at \$181.1 million. The proprietary funds have \$44.4 million in uncollectible accounts receivable of which \$5.8 million are from uninsured employers’ fines and penalties, and \$13.7 million are from unemployment contributions and benefit overpayments.

Notes to the Financial Statements

For the Year Ended June 30, 2019

Note 5. Interfund Transactions

A. Interfund Advances

A summary of interfund advances at June 30, 2019, follows (expressed in thousands):

<u>Advances To</u>	<u>Advances From</u>			<u>Total</u>
	<u>General Fund</u>	<u>State Highway</u>	<u>Nonmajor Governmental</u>	
Nonmajor enterprise	\$ 145	\$ -	\$ -	\$ 145
Internal Service Funds	4,724	3,577	151	8,452
Total other funds	\$ 4,869	\$ 3,577	\$ 151	\$ 8,597

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, 2019, is shown below (expressed in thousands):

<u>Due From</u>	<u>Due To</u>					
	<u>Major Governmental Funds</u>				<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
	<u>General Fund</u>	<u>State Highway</u>	<u>Municipal Bond Bank</u>	<u>Permanent School Fund</u>		
Major Governmental Funds:						
General	\$ -	\$ 11,638	\$ 1	\$ 233	\$ 141,029	\$ 152,901
State Highway	10,134	-	-	-	7,032	17,166
Municipal Bond Bank	6	-	-	-	-	6
Permanent School Fund	24,182	-	-	-	-	24,182
Nonmajor governmental	44,527	7,534	-	-	8,497	60,558
Total Governmental	<u>78,849</u>	<u>19,172</u>	<u>1</u>	<u>233</u>	<u>156,558</u>	<u>254,813</u>
Major Enterprise Funds:						
Housing Division	40	-	-	-	-	40
Unemployment Comp	-	-	-	-	202	202
Water Projects Loans	132	-	-	-	-	132
Higher Ed Tuition Trust	31	-	-	-	-	31
Nonmajor enterprise	1,546	3	-	-	-	1,549
Total Enterprise	<u>1,749</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>202</u>	<u>1,954</u>
Internal Service	1,727	341	-	-	155	2,223
Total other funds	\$ 82,325	\$ 19,516	\$ 1	\$ 233	\$ 156,915	\$ 258,990
Fiduciary	\$ 303	\$ -	\$ -	\$ -	\$ 2,549	\$ 2,852
Component Units:						
Nevada System of Higher Education	\$ 11	\$ -	\$ -	\$ -	\$ 184	\$ 195
Nevada Capital Investment Corporation	-	-	-	30,220	-	30,220
Total Component Units	\$ 11	\$ -	\$ -	\$ 30,220	\$ 184	\$ 30,415

Notes to the Financial Statements

For the Year Ended June 30, 2019

Due From	Due To								
	Major Enterprise Funds				Nonmajor Enterprise	Total Enterprise	Internal Service	Total Other Funds	Fiduciary
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust					
Major Governmental Funds:									
General	\$ 57	\$ -	\$ 878	\$ 74	\$ 1,663	\$ 2,672	\$ 16,012	\$ 171,585	\$ 657,118
State Highway	-	-	-	-	11	11	845	18,022	185
Municipal Bond Bank	-	-	-	-	-	-	-	6	-
Permanent School Fund	-	-	-	-	-	-	-	24,182	-
Nonmajor governmental	-	7,088	-	-	38	7,126	139	67,823	52
Total Governmental	57	7,088	878	74	1,712	9,809	16,996	281,618	657,355
Major Enterprise Funds:									
Housing Division	-	-	-	-	-	-	2	42	-
Unemployment Comp	-	-	-	-	-	-	-	202	-
Water Projects Loans	-	-	-	-	-	-	1	133	-
Higher Ed Tuition Trust	-	-	-	-	-	-	1	32	-
Nonmajor enterprise	-	-	-	-	-	-	137	1,686	62
Total Enterprise	-	-	-	-	-	-	141	2,095	62
Internal Service	-	-	-	-	17	17	290	2,530	15
Total other funds	\$ 57	\$ 7,088	\$ 878	\$ 74	\$ 1,729	\$ 9,826	\$ 17,427	\$ 286,243	\$ 657,432
Fiduciary	\$ -	\$ -	\$ -	\$ -	\$ 6	\$ 6	\$ 3,573	\$ 6,431	\$ 41,412
Component Units:									
Colorado River Commission	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 2	\$ 5	\$ 7	\$ -
Nevada System of Higher Education	-	-	-	-	-	-	26	221	1,412
Nevada Capital Investment Corporation	-	-	-	-	-	-	-	30,220	-
Total Component Units	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 2	\$ 31	\$ 30,448	\$ 1,412

Due From	Due To		
	Component Units		Total Component Units
	Colorado River Commission	Nevada System of Higher Education	
Primary Government:			
Governmental Activities for long term receivable	\$ -	\$ 20,830	\$ 20,830
Major Governmental Funds:			
General	178	44,554	44,732
State Highway	1	291	292
Nonmajor governmental	-	105,757	105,757
Total Governmental	179	150,602	150,781
Major Enterprise Funds:			
Higher Ed Tuition Trust	-	2	2
Nonmajor Enterprise	-	7	7
Total Enterprise	-	9	9
Internal Service	-	14	14
Total	\$ 179	\$ 171,455	\$ 171,634

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, 2019

C. Transfers From/Transfers To Other Funds

A summary of transfers between funds for the year ended June 30, 2019, is shown below (expressed in thousands):

	Transfers Out/To					
	Major Governmental Funds				Nonmajor Governmental Funds	Total Governmental
	General Fund	State Highway	Municipal Bond Bank	Permanent School Fund		
Transfers In/From						
Major Governmental Funds:						
General	\$ -	\$ 17,697	\$ 6	\$ 16,382	\$ 71,160	\$ 105,245
State Highway	6,457	-	-	-	7,524	13,981
Nonmajor governmental	109,196	4,272	6,843	-	62,221	182,532
Total Governmental	115,653	21,969	6,849	16,382	140,905	301,758
Major Enterprise Funds:						
Unemployment Comp	-	-	-	-	7,088	7,088
Higher Ed Tuition Trust	670	-	-	-	-	670
Water Project Loans	5	-	-	-	-	5
Nonmajor enterprise	291	-	-	-	-	291
Total Enterprise	966	-	-	-	7,088	8,054
Internal Service	11,230	-	-	-	-	11,230
Total other funds	\$ 127,849	\$ 21,969	\$ 6,849	\$ 16,382	\$ 147,993	\$ 321,042

	Transfers Out/To						
	Major Enterprise Funds			Nonmajor Enterprise Funds	Total Enterprise	Internal Service	Total Other Funds
	Housing Division	Unemployment Compensation	Water Projects Loans				
Transfers In/From							
Major Governmental Funds:							
General	\$ -	\$ -	\$ 1,780	\$ 13,188	\$ 14,968	\$ 56	\$ 120,269
State Highway	-	-	-	-	-	12	13,993
Nonmajor governmental	-	5,207	-	-	5,207	50	187,789
Total Governmental	-	5,207	1,780	13,188	20,175	118	322,051
Major Enterprise Funds:							
Unemployment Comp	-	-	-	-	-	-	7,088
Higher Ed Tuition Trust	-	-	-	-	-	-	670
Water Project Loans	-	-	-	-	-	-	5
Nonmajor enterprise	-	-	-	12	12	-	303
Total Enterprise	-	-	-	12	12	-	8,066
Internal Service	-	-	-	-	-	-	11,230
Total other funds	\$ -	\$ 5,207	\$ 1,780	\$ 13,200	\$ 20,187	\$ 118	\$ 341,347

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, 2019

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, 2019 are as follows (expressed in thousands):

	Primary Government		Component Units
	Governmental Activities	Business-Type Activities	
Restricted:			
Cash	\$ 2,148	\$ -	\$ 94,238
Investments	-	165,154	11,943
Total	\$ 2,148	\$ 165,154	\$ 106,181
Restricted for:			
Debt service	\$ -	\$ 165,154	\$ 1,026
Capital projects	-	-	91,736
Regulation of business	2,148	-	-
Other purposes	-	-	13,419
Total	\$ 2,148	\$ 165,154	\$ 106,181

Note 7. Capital Assets

Capital asset activity of the primary government for the year ended June 30, 2019, was as follows (expressed in thousands):

	Beginning Balance *	Increases	Decreases	Ending Balance
Governmental Activities:				
<i>Capital assets, not being depreciated</i>				
Land	\$ 169,205	\$ 690	\$ -	\$ 169,895
Construction in progress	1,887,794	590,701	(163,317)	2,315,178
Infrastructure	5,860,692	11,641	(27,426)	5,844,907
Rights-of-way	966,118	-	(4,521)	961,597
Total capital assets, not being depreciated	<u>8,883,809</u>	<u>603,032</u>	<u>(195,264)</u>	<u>9,291,577</u>
<i>Capital assets, being depreciated/amortized</i>				
Buildings	1,829,986	105,308	-	1,935,294
Improvements other than buildings	150,761	7,587	-	158,348
Furniture and equipment	463,301	41,453	(43,937)	460,817
Software costs	294,916	34,693	(6,194)	323,415
Total capital assets, being depreciated/amortized	<u>2,738,964</u>	<u>189,041</u>	<u>(50,131)</u>	<u>2,877,874</u>
<i>Less accumulated depreciation/amortization for:</i>				
Buildings	(720,687)	(46,959)	-	(767,646)
Improvements other than buildings	(96,516)	(4,066)	-	(100,582)
Furniture and equipment	(368,219)	(29,204)	42,730	(354,693)
Software costs	(180,122)	(12,209)	4,697	(187,634)
Total accumulated depreciation/amortization	<u>(1,365,544)</u>	<u>(92,438)</u>	<u>47,427</u>	<u>(1,410,555)</u>
Total capital assets, being depreciated/amortized, net	<u>1,373,420</u>	<u>96,603</u>	<u>(2,704)</u>	<u>1,467,319</u>
Governmental activities capital assets, net	\$ 10,257,229	\$ 699,635	\$ (197,968)	\$ 10,758,896

* The beginning balances for construction in progress, infrastructure and rights-of-way have been restated by increases of \$1.8 billion, \$1.2 billion, and \$195.2 million, respectively.

Notes to the Financial Statements

For the Year Ended June 30, 2019

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
<i>Capital assets, not being depreciated</i>				
Land	\$ 568	\$ -	\$ -	\$ 568
Total capital assets, not being depreciated	<u>568</u>	<u>-</u>	<u>-</u>	<u>568</u>
<i>Capital assets, being depreciated</i>				
Buildings	1,407	-	-	1,407
Improvements other than buildings	5,638	-	-	5,638
Furniture and equipment	16,794	243	(154)	16,883
Total capital assets, being depreciated	<u>23,839</u>	<u>243</u>	<u>(154)</u>	<u>23,928</u>
<i>Less accumulated depreciation for:</i>				
Buildings	(1,160)	(54)	-	(1,214)
Improvements other than buildings	(2,705)	(75)	-	(2,780)
Furniture and equipment	(6,319)	(740)	154	(6,905)
Total accumulated depreciation	<u>(10,184)</u>	<u>(869)</u>	<u>154</u>	<u>(10,899)</u>
Total capital assets, being depreciated, net	<u>13,655</u>	<u>(626)</u>	<u>-</u>	<u>13,029</u>
Business-type activities capital assets, net	<u>\$ 14,223</u>	<u>\$ (626)</u>	<u>\$ -</u>	<u>\$ 13,597</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 \$8.5 million.

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

Governmental activities:	
General government	\$ 5,205
Education, support services	156
Health services	1,209
Law, justice, public safety	36,643
Recreation, resource development	6,374
Social services	15,660
Transportation	14,167
Regulation of business	3,286
Unallocated	2,306
Depreciation and amortization on capital assets held by the State's internal service funds is charged to the various functions based on their use of the assets	7,432
Total depreciation/amortization expense - governmental activities	<u>\$ 92,438</u>
Business-type activities:	
Enterprise	\$ 869
Total depreciation/amortization expense - business-type activities	<u>\$ 869</u>

Notes to the Financial Statements

For the Year Ended June 30, 2019

Capital asset activity of the Nevada System of Higher Education for the year ended June 30, 2019, was as follows (expressed in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Nevada System of Higher Education:				
Construction in progress	\$ 115,892	\$ 193,118	\$ (109,822)	\$ 199,188
Land	163,162	2,836	(92)	165,906
Land improvements	288	-	-	288
Intangibles	642	-	-	642
Collections	11,897	84	-	11,981
Total capital assets, not being depreciated	<u>291,881</u>	<u>196,038</u>	<u>(109,914)</u>	<u>378,005</u>
Capital assets, being depreciated				
Buildings	2,827,273	126,177	(1,866)	2,951,584
Land improvements	162,093	2,080	-	164,173
Machinery and equipment	386,062	30,937	(12,997)	404,002
Intangibles	46,509	1,013	-	47,522
Library books and media	122,739	1,767	(808)	123,698
Total capital assets, being depreciated	<u>3,544,676</u>	<u>161,974</u>	<u>(15,671)</u>	<u>3,690,979</u>
Less accumulated depreciation for:				
Buildings	(1,010,746)	(72,502)	585	(1,082,663)
Land improvements	(113,495)	(5,414)	-	(118,909)
Machinery and equipment	(294,079)	(23,980)	10,511	(307,548)
Intangibles	(34,506)	(4,445)	42	(38,909)
Library books and media	(118,048)	(2,086)	761	(119,373)
Total accumulated depreciation	<u>(1,570,874)</u>	<u>(108,427)</u>	<u>11,899</u>	<u>(1,667,402)</u>
Total capital assets being depreciated, net	<u>1,973,802</u>	<u>53,547</u>	<u>(3,772)</u>	<u>2,023,577</u>
Nevada System of Higher Education activity capital assets, net	<u>\$ 2,265,683</u>	<u>\$ 249,585</u>	<u>\$ (113,686)</u>	<u>\$ 2,401,582</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
2020	\$ 3,383
2021	3,383
2022	3,381
2023	3,380
2024	3,381
2025-2044	64,260
Total future minimum lease revenues	<u>\$ 81,168</u>

Notes to the Financial Statements

For the Year Ended June 30, 2019

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, 2019 (expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
<i>Bonds payable:</i>					
General obligation bonds	\$ 1,267,120	\$ 57,100	\$ (117,123)	\$ 1,207,097	\$ 118,911
General obligation bonds-private placement	2,310	-	(1,135)	1,175	1,175
Special obligation bonds	785,085	-	(39,790)	745,295	40,835
Subtotal	2,054,515	57,100	(158,048)	1,953,567	160,921
Issuance premiums (discounts)	191,869	4,435	(34,956)	161,348	31,480
Total bonds payable	2,246,384	61,535	(193,004)	2,114,915	192,401
Certificates of participation	77,815	-	(2,690)	75,125	2,880
Certificates of participation-private placement	3,014	-	(352)	2,662	359
Subtotal	80,829	-	(3,042)	77,787	3,239
Issuance premiums (discounts)	646	-	(331)	315	275
Total certificates of participation	81,475	-	(3,373)	78,102	3,514
Other Governmental long-term activities:					
Obligations under capital leases	18,490	-	(3,620)	14,870	3,604
Compensated absences obligations	100,668	98,312	(94,321)	104,659	76,992
Pollution remediation obligations	5,925	-	(653)	5,272	747
Total other governmental long-term activities	125,083	98,312	(98,594)	124,801	81,343
Governmental activities long-term obligations	\$ 2,452,942	\$ 159,847	\$ (294,971)	\$ 2,317,818	\$ 277,258
Business-type activities:					
<i>Bonds payable:</i>					
General obligation bonds	\$ 60,430	\$ -	\$ (11,467)	\$ 48,963	\$ 11,019
Special obligation bonds	525,491	221,364	(117,907)	628,948	8,676
Subtotal	585,921	221,364	(129,374)	677,911	19,695
Issuance premiums (discounts)	2,404	1,556	(818)	3,142	579
Total bonds payable	588,325	222,920	(130,192)	681,053	20,274
Compensated absences obligations	1,881	1,768	(1,730)	1,919	1,435
Tuition benefits payable	217,792	9,897	(16,584)	211,105	18,351
Business-type activities long-term obligations	\$ 807,998	\$ 234,585	\$ (148,506)	\$ 894,077	\$ 40,060

The General Fund and special revenue funds typically liquidate the capital lease obligations. The compensated absence obligations are typically liquidated by the General Fund and State Highway Fund incurring the related salaries and wages costs. The debt service funds typically liquidate the arbitrage obligations.

B. Bonds Payable

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

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

Notes to the Financial Statements

For the Year Ended June 30, 2019

General obligation bonds and special obligation bonds of the primary government outstanding at June 30, 2019 are comprised of the following (expressed in thousands):

	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Principal Outstanding</u>
Governmental activities:			
<i>General obligation bonds:</i>			
Subject to Constitutional Debt Limitation	3.0-6.17%	\$ 1,237,490	\$ 988,260
Exempt from Constitutional Debt Limitation	2.0-6.0%	287,538	218,837
Exempt from Constitutional Debt Limitation- Private Placements	3.69%	7,405	1,175
<i>Special obligation bonds:</i>			
Exempt from Constitutional Debt Limitation- Highway Improvement Revenue Bonds	3.0-5.0%	869,925	745,295
Subtotal		<u>2,402,358</u>	<u>1,953,567</u>
<i>Issuance premiums (discounts)</i>		346,314	161,348
Governmental activities bonds payable		<u>2,748,672</u>	<u>2,114,915</u>
Business-type activities:			
<i>General obligation bonds:</i>			
Exempt from Constitutional Debt Limitation	2.0-5.5%	90,402	48,963
<i>Special obligation bonds:</i>			
Housing Bonds	*.50-6.95%	1,014,776	628,948
Subtotal		<u>1,105,178</u>	<u>677,911</u>
<i>Issuance premiums (discounts)</i>		9,610	3,142
Business-type activities bonds payable		<u>1,114,788</u>	<u>681,053</u>
Total bonds payable		<u>\$ 3,863,460</u>	<u>\$ 2,795,968</u>

*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, 2019, of the primary government are summarized in the table following (expressed in thousands):

Year Ending June 30	Governmental Activities							
	General Obligation		Private Placement		Special Obligation		Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 118,911	\$ 55,534	\$ 1,175	\$ 43	\$ 40,835	\$ 32,751	\$ 19,695	\$ 27,761
2021	121,693	49,416	-	-	42,875	30,658	39,041	26,812
2022	120,918	43,335	-	-	35,545	28,698	11,511	25,668
2023	115,544	37,244	-	-	37,225	26,943	10,131	25,017
2024	105,514	31,429	-	-	38,855	25,118	7,013	43,919
2025-2029	438,282	79,634	-	-	223,265	94,422	46,467	118,024
2030-2034	140,300	21,295	-	-	236,340	41,750	104,343	106,916
2035-2039	45,935	2,966	-	-	90,355	4,495	68,522	87,046
2040-2044	-	-	-	-	-	-	54,935	76,974
2045-2049	-	-	-	-	-	-	34,789	71,900
2050-2054	-	-	-	-	-	-	281,464	38,670
Total	<u>\$ 1,207,097</u>	<u>\$ 320,853</u>	<u>\$ 1,175</u>	<u>\$ 43</u>	<u>\$ 745,295</u>	<u>\$ 284,835</u>	<u>\$ 677,911</u>	<u>\$ 648,707</u>

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, 2019, the debt limitation and its unused portion are computed as follows (expressed in thousands):

Debt limitation (2% of total assessed valuation)	\$ 2,682,567
Less: Bonds and leases payable as of June 30, 2019, subject to limitation	(988,260)
Remaining debt capacity	<u>\$ 1,694,307</u>

Notes to the Financial Statements

For the Year Ended June 30, 2019

D. Nevada Municipal Bond Bank

General obligation bonds have been issued through the Nevada Municipal Bond Bank, a special revenue fund, as authorized by NRS 350A. These bonds are subject to statutory limitation of \$1.8 billion and are exempt from the Constitutional Debt Limitation. Proceeds from the bonds are used to purchase validly issued general obligation bonds of the State's local governments to finance projects related to natural resources. The State anticipates that the debt service revenue it receives from the participating local governments will be sufficient to pay the debt service requirements of the State bonds as they become due. Twelve projects were funded through the Nevada Municipal Bond Bank as of June 30, 2019, and total outstanding loans to local governments amounted to \$88,085,000.

E. Refunded Debt and Redemptions

During the fiscal year 2019, the State of Nevada did not issue any refunding bonds.

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, 2019 include vehicles and building improvements of \$32,159,486 with accumulated depreciation of \$10,450,226.

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, 2019 follow (expressed in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2020	\$ 4,210
2021	4,177
2022	2,982
2023	1,901
2024	1,977
2025-2029	<u>1,348</u>
Total minimum lease payments	16,595
Less: amount representing interest	(1,725)
Obligations under capital leases	<u>\$ 14,870</u>

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

Notes to the Financial Statements

For the Year Ended June 30, 2019

make other payments to the trustee under the financing leases is subject to appropriation by the State. In the event that the State does not make a sufficient appropriation with respect to a Lease Purchase Agreement, that Lease Purchase Agreement will terminate.

The following schedule presents future certificates of participation payments as of June 30, 2019 (expressed in thousands):

Year Ending June 30	Certificates of Participation		Certificates of Participation-Private Placements	
	Principal	Interest	Principal	Interest
2020	\$ 2,880	\$ 3,538	\$ 359	\$ 59
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
2025-2029	19,975	12,083	774	25
2030-2034	15,265	7,703	-	-
2035-2039	12,105	4,807	-	-
2040-2044	11,995	1,536	-	-
Total	\$ 75,125	\$ 42,409	\$ 2,662	\$ 239

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	\$	211,105
Net position available		338,851
Net position as a percentage of tuition benefits obligation		160.51 %

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

	Universities	Community Colleges
2020-21	4.00%	4.00%
2021-22	2.80%	2.80%
2022-23	2.80%	2.80%
2023-24 and later	4.50%	3.75%

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, 2019 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

Notes to the Financial Statements

For the Year Ended June 30, 2019

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, 2019 there are eight series of Industrial Revenue Bonds and six series of Charter School Bonds outstanding, with an aggregate principal amount payable of \$416,506,139.

K. Pledged Revenue

Pledged motor vehicle and special fuel tax - The State has pledged a portion of future motor vehicle fuel and special fuel tax revenues as well as federal aid for eligible projects to repay the Highway Improvement Revenue Bonds that were issued for highway construction projects and property acquisition purposes. As of June 30, 2019, the outstanding balance of Highway Improvement Revenue and Refunding bonds is \$745,295,000. The total of principal and interest remaining on the bonds is \$1,030,130,369 payable through December 2037. Upon completion of eligible projects, federal aid of \$368,298,919 is expected to be received in fiscal year 2020. For the current year, principal and interest paid was \$74,417,366 and total motor vehicle fuel and special fuel tax revenues were \$310,843,725.

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, 2019, the outstanding balance of Lease Revenue Certificates of Participation is \$77,787,000. The total of principal and interest remaining on the certificates is \$120,434,964 payable through June 2043. In fiscal year 2019, principal and interest of \$6,764,298 was paid. Building rent of \$7,000,000 is expected to be collected in fiscal year 2020, which will be used to pay the fiscal year 2020 debt service principal and interest of \$6,835,984.

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, 2019, the outstanding balance of single-family and multi-unit bonds is \$630,797,869. The total of principal and interest remaining on the bonds is \$1,271,372,719 payable through June 2054. In fiscal year 2019, principal and interest of \$107,602,965 was paid. As of June 30, 2019, \$165,740,616 was held by the trustee for the benefit of the single-family bondholders. The amount of payments received for mortgage loans in fiscal year 2019 is \$104,914,861. Fifty million is expected to be collected in fiscal year 2020, which, along with assets held by the trustee, will be used to pay the fiscal year 2020 debt service principal and interest of \$34,778,956.

L. Pollution Remediation Obligation

Currently there are five sites in Nevada in various stages of pollution cleanup associated with contaminated soil and groundwater. The pollution remediation liabilities associated with these sites were measured using the expected cash flow technique. Liability estimates are subject to change due to price increases or reductions, technology, or changes in applicable laws or regulations governing the remediation efforts. The State does not anticipate recovering reimbursements from the parties who caused the pollution. As of June 30, 2019 the total pollution remediation obligation is \$5,272,000.

Notes to the Financial Statements

For the Year Ended June 30, 2019

M. Component Unit Obligations

Nevada System of Higher Education (NSHE) – Bonds, notes, capital leases and compensated absences payable by NSHE at June 30, 2019 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	\$ 760,133	\$ -	\$ (42,571)	\$ 717,562	\$ 41,063
Issuance premiums (discounts)	44,677	-	(3,319)	41,358	3,303
Total bonds payable	804,810	-	(45,890)	758,920	44,366
Obligations under capital leases	49,968	4,453	(2,317)	52,104	2,228
Compensated absences obligations	50,553	31,612	(27,117)	55,048	38,211
Total	\$ 905,331	\$ 36,065	\$ (75,324)	866,072	84,805
Discretely presented component units of the NSHE:					
Compensated absences				370	-
Capital leases				693	240
Total				\$ 867,135	\$ 85,045

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, 2019 (expressed in thousands):

Year Ending June 30	Principal	Interest
2020	\$ 41,063	\$ 32,170
2021	65,830	29,371
2022	39,745	26,500
2023	37,702	24,967
2024	31,874	23,492
2025-2029	137,999	95,088
2030-2034	145,600	62,955
2035-2039	106,140	34,053
2040-2044	70,465	16,213
2045-2049	41,144	2,943
	717,562	347,752
Premiums	41,358	-
Total	\$ 758,920	\$ 347,752

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
2020	\$ 4,733
2021	4,610
2022	4,513
2023	4,438
2024	3,539
2025-2029	17,174
Thereafter	47,352
Total minimum lease payments	86,359
Less: amount representing interest	(34,255)
Obligations under capital leases	\$ 52,104

Notes to the Financial Statements

For the Year Ended June 30, 2019

Colorado River Commission (CRC) – Bonds and compensated absences payable by CRC at June 30, 2019, and the changes for the year then ended, consist of the following (expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 28,210	\$ -	\$ (730)	\$ 27,480	\$ 740
Issuance premiums (discounts)	(150)	-	6	(144)	-
Total bonds payable	28,060	-	(724)	27,336	740
Compensated absences obligations	408	232	(182)	458	282
Total	\$ 28,468	\$ 232	\$ (906)	\$ 27,794	\$ 1,022

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
2020	\$ 740	\$ 1,050
2021	755	1,033
2022	770	1,015
2023	800	994
2024	815	970
2025-2029	4,490	4,421
2030-2034	5,395	3,491
2035-2039	6,465	2,238
2040-2044	7,250	796
Total	\$ 27,480	\$ 16,008

N. Short-Term Obligations

Primary Government - On November 1, 2018, the State issued short-term bonds of \$2,500,000 for the purpose of financing the costs of environmental improvement projects for the Lake Tahoe Basin. These general obligation bonds, which were privately placed with the State Bond and Interest Redemption Fund, were paid off on June 1, 2019. There was no short-term debt outstanding at July 1, 2018 or June 30, 2019.

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 \$2,261,232,891, deferred outflows of resources of \$405,489,714, deferred inflows of resources of \$173,630,745, pension expenditures of \$146,368,157 and pension expense of \$5,779,403. Pension expenditures and expense total \$152,147,560. 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 \$404,876,734, deferred outflows of resources of \$72,219,737, deferred inflows of resources of \$20,848,704 and pension expense of \$888,534.

Notes to the Financial Statements

For the Year Ended June 30, 2019

A. Public Employees' Retirement System of Nevada

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

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

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

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

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

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

Notes to the Financial Statements

For the Year Ended June 30, 2019

System on or after July 1, 2015, the increases begin at 2% in years 4, 5 and 6; increase to 2.5% in years 7, 8 and 9; the lesser of 3% or the increase, if any, in the Consumer Price Index (all items) for the preceding calendar years following year 10 and every year thereafter.

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

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

Required contribution rates for employers and for active plan members, as a percentage of covered payroll, for the fiscal year ended June 30, 2019 were as follows:

	Statutory Rate	
	Employer	Employees
Regular employees:		
Employer-pay plan	28.00 %	-
Employee/employer plan (matching rate)	14.50 %	14.50 %
Police and Fire employees:		
Employer-pay plan	40.50 %	-
Employee/employer plan (matching rate)	20.75 %	20.75 %

The primary government contributions recognized as part of pension expense for the current fiscal year ended June 30, 2019 were \$153,762,408 and discretely presented component unit contributions totaled \$27,436,477.

Pension Liabilities, Pension Expenditure/Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Primary Government - At June 30, 2019, the State reported a liability of \$2,248,728,935, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the State's proportion was 16.49%, a decrease of .30% from its proportion measured at June 30, 2017.

For the year ended June 30, 2019, the State recognized pension expenditure of \$143,410,115 and pension expense of \$5,779,403. At June 30, 2019, 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	\$ 70,446	\$ (104,380)
Changes of assumption	118,494	-
Net difference between projected and actual earnings on pension plan investments	-	(10,706)
Changes in proportionate share of contributions	49,764	(53,151)
State contributions subsequent to the measurement date	161,030	-
Total	\$ 399,734	\$ (168,237)

Notes to the Financial Statements

For the Year Ended June 30, 2019

Deferred outflows of resources of \$161,029,600 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

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:		
2020	\$	42,359
2021		7,131
2022		(27,260)
2023		29,244
2024		17,818
Thereafter		1,175

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, 2019, the NSHE reported a liability of \$398,883,000, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the NSHE's proportion was 2.92%, an increase of .04% from its proportion measured at June 30, 2017.

For the year ended June 30, 2019, the NSHE recognized pension expense of \$415,986. At June 30, 2019, 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	\$ 12,496	\$ (13,909)
Changes of assumption	21,019	-
Net difference between projected and actual earnings on pension plan investments	-	(1,426)
Changes in proportionate share of contributions	9,107	(5,079)
NSHE contributions subsequent to the measurement date	28,548	-
Total	<u>\$ 71,170</u>	<u>\$ (20,414)</u>

Deferred outflows of resources of \$28,548,000 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

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:		
2020	\$	(15,478)
2021		(4,122)
2022		10,611
2023		(5,743)
2024		(6,584)
Thereafter		(893)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Colorado River Commission (CRC) - At June 30, 2019, the CRC reported a liability of \$5,993,734, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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

Notes to the Financial Statements

For the Year Ended June 30, 2019

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, 2018, the CRC's proportion was .04%, no change from its proportion measured at June 30, 2017.

For the year ended June 30, 2019, the CRC recognized pension expense of \$472,548. At June 30, 2019, 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	\$ 188	\$ (278)
Changes of assumption	316	-
Net difference between projected and actual earnings on pension plan investments	-	(29)
Changes in proportionate share of contributions	123	(128)
CRC contributions subsequent to the measurement date	423	-
Total	<u>\$ 1,050</u>	<u>\$ (435)</u>

Deferred outflows of resources of \$423,042 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

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:		
2020	\$	124
2021		23
2022		(89)
2023		78
2024		52
Thereafter		4

Actuarial Assumptions – The net pension liability was measured as of June 30, 2018, 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 13.9%, 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, 2018 funding actuarial valuation

Notes to the Financial Statements

For the Year Ended June 30, 2019

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

Actuarial assumptions used in the June 30, 2018 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, 2018, 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%	5.75%
U.S. bonds	30%	0.25%
Private markets	10%	6.80%

Discount Rate – The discount rate used to measure the total pension liability was 7.5% as of June 30, 2018. 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, 2018.

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, 2018 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	\$ 3,431,143	\$ 2,248,729	\$ 1,269,731
Nevada System of Higher Education - net pension liability	607,273	398,883	224,513
Colorado River Commission - net pension liability	9,140	5,994	3,379

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, 2019, the primary government reported payables to the defined benefit pension plan of \$16,726,066 for legally required employer contributions which had been withheld from employee wages but not yet remitted to PERS.

Notes to the Financial Statements

For the Year Ended June 30, 2019

B. Legislators' Retirement System of Nevada

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

At June 30, 2018, the LRS pension plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	72
Inactive vested members	10
Inactive non-vested members	33
Active members	30
Total	145

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

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

Members are eligible for post-retirement benefit increases based on their effective date of membership. For members with an effective date of membership before January 1, 2010, the lesser of: (a) 2% per year following the third anniversary of the commencement of benefits, 3% per year following the sixth anniversary, 3.5% per year following the ninth anniversary, 4% per year following the twelfth anniversary and 5% per year following the fourteenth anniversary, or (b) the average percentage increase in the Consumer Price Index (or other Board approved index) for the three preceding years. In any event, a member's benefit must be increased by the percentages in (a) if it has not been increased at a rate greater than or equal to the average of the Consumer Price Index (CPI) (All items) (or other Board approved index) for the period between retirement and the date of increase. For members with an effective date of membership on or after January 1, 2010, and prior to July 1, 2015, same as above, except the increases in (a) above do not exceed 4% per year. For members with an effective date of membership on or after July 1, 2015, 2% per year following the third through fifth anniversaries of the commencement of benefits; 2.5% per year following the sixth through eighth anniversaries. On succeeding anniversaries, the annual increase shall be the lesser of 3% or the CPI for the preceding calendar year. For future retirees, those hired prior to 2010 are assumed to reach the cap after 24 years of retirement. Those hired in 2010 or later are assumed to reach the cap after 39 years of retirement. Underlying all of these assumptions is that CPI will grow over time at a rate of 3.5% per year.

Member and Employer Contributions - The employee contribution of 15% of compensation is paid by the employee only when the Legislature is in session, as required by statute. The Legislature holds sessions every two years. Prior to 1985, the employee contributions were matched by the employer. The 1985 Legislators' Retirement Act includes NRS 218C.390(2) which states, "The Director of the Legislative Counsel Bureau shall pay to the Board from the Legislative Fund an amount as the contribution of the State of Nevada as employer which is actuarially determined to be sufficient to provide the System with enough money to pay all benefits for which the System will be liable." The Legislature appropriated \$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 will be recognized as employer contributions in fiscal year 2020.

Notes to the Financial Statements

For the Year Ended June 30, 2019

State contributions recognized as part of pension expense for the fiscal year ended June 30, 2019 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, 2019, the State reported a net pension liability of \$457,654. The net pension liability was measured as of June 30, 2018, 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, 2019, the State recognized pension expenditure of \$50,059. At June 30, 2019, 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	\$ 1	\$ -
Differences between expected and actual experience	2	-
State contributions subsequent to the measurement date	98	-
Total	\$ 101	\$ -

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, 2020.

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	
2020	\$ 53
2021	11
2022	(49)
2023	(12)
2024	-
Thereafter	-

The following table presents the changes in the net pension liability for LRS for the year ended June 30, 2018 (expressed in thousands):

Notes to the Financial Statements

For the Year Ended June 30, 2019

	<u>2018</u>
Total pension liability	
Service cost	\$ 30
Interest	373
Difference between expected and actual experience	47
Benefit payments, including refunds	<u>(460)</u>
Net change in total pension liability	(10)
Total pension liability - beginning	<u>5,175</u>
Total pension liability - ending (a)	<u>\$ 5,165</u>
Plan fiduciary net position	
Contributions - employer	\$ 105
Contributions - plan member	20
Net investment income	397
Benefit payments, including refunds	(460)
Administration expenses	(72)
Other	<u>73</u>
Net change in plan fiduciary net position	63
Plan fiduciary net position - beginning	<u>4,645</u>
Plan fiduciary net position - ending (b)	<u>\$ 4,708</u>
Net pension liability - beginning	\$ 530
Net pension liability - ending (a) - (b)	\$ 457
Plan fiduciary net position as a percentage of total pension liability	91%
Covered payroll	N/A
Net pension liability as a percentage of covered payroll	N/A

Actuarial Assumptions – The State’s net pension liability was measured as of June 30, 2018, 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, 2018 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, 2018 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, 2018, 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	49%	5.50%
International stocks	21%	5.75%
U.S. bonds	30%	0.25%

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For the Year Ended June 30, 2019

Discount Rate – The discount rate used to measure the total pension liability was 7.5% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Net pension liability	\$ 901	\$ 458	\$ 77

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, 2019, the State had no payables to the defined benefit pension plan for legally required employer contributions.

C. Judicial Retirement System of Nevada

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

At June 30, 2018, the JRS pension plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	73
Inactive vested members	4
Active members	113
Total	190

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.

Notes to the Financial Statements

For the Year Ended June 30, 2019

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

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

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

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

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

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

JRS’ basic funding policy provides for contributions by the participating employers based on an actuarial valuation prepared per Nevada Revised Statute (NRS 1A.180(1)). The amount of the annual contribution required to fund the System is comprised of a normal cost payment and a payment on the Unfunded Actuarial Accrued Liability (UAAL). Effective January 1, 2009, UAAL is amortized over a year-by-year closed amortization period as a level percent of pay (3% payroll growth assumed) where each amortization period will be set at 30 years for State judges (Supreme Court justices and district judges) and 20 years for each non-state agency. Any increases or decreases in UAAL that arise in future years will be amortized over separate 30-year periods for State judges and 20-year periods for non-state judges. The actuarial funding method used is the Entry Age Normal Cost Method.

The State’s annual actuarially determined contribution to fund the System at June 30, 2019 was \$5,190,756 and the actual contribution made was \$4,743,909.

Pension Liability, Pension Expenditure, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the State reported a liability of \$12,046,302 for its net pension liability for the JRS pension plan. The net pension liability was measured as of June 30, 2018, 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, 2019, the State recognized pension expenditure of \$2,907,983. At June 30, 2019, 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	\$ 770	\$ (5,127)
Change of assumptions	39	-
Net difference between projected and actual earnings on pension plan investments	-	(114)
Changes in proportion and differences between State contributions and proportionate share of contributions	102	(153)
State contributions subsequent to the measurement date	4,744	-
Total	\$ 5,655	\$ (5,394)

Notes to the Financial Statements

For the Year Ended June 30, 2019

Deferred outflows of resources of \$4,743,909 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

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:	
2020	\$ (454)
2021	(1,142)
2022	(1,752)
2023	(848)
2024	-
Thereafter	-

The following table presents the changes in the net pension liability for JRS for the year ended June 30, 2018 (expressed in thousands):

	<u>2018</u>
Total pension liability	
Service cost	\$ 4,231
Interest	10,141
Differences between expected and actual experience	(5,065)
Benefit payments, including refunds	(5,657)
Other	515
Net change in total pension liability	4,165
Total pension liability - beginning	133,561
Total pension liability - ending (a)	<u>\$ 137,726</u>
Plan fiduciary net position	
Contributions - employer	\$ 5,307
Employee purchase of service	115
Net investment income	9,696
Benefit payments, including refunds	(5,657)
Administrative expenses	(101)
Other	515
Net change in plan fiduciary net position	9,875
Plan fiduciary net position - beginning	114,499
Plan fiduciary net position - ending (b)	<u>\$ 124,374</u>
Net pension liability - beginning	\$ 19,062
Net pension liability - ending (a) - (b)	\$ 13,352
Plan fiduciary net position as a percentage of total pension liability	90%
Covered payroll (measurement as of end of fiscal year)	\$ 20,451
Net pension liability as a percentage of covered payroll	65%

Actuarial Assumptions – The State’s net pension liability was measured as of June 30, 2018, 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, 2018 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

Notes to the Financial Statements

For the Year Ended June 30, 2019

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, 2018 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, 2018, 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, 2018. 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	\$ 26,181	\$ 12,046	\$ 49

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, 2019, the State reported payables to the defined benefit pension plan of \$245,991 for legally required employer contributions not yet remitted to JRS.

Note 11. Postemployment Benefits Other than Pensions (OPEB)

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

Notes to the Financial Statements

For the Year Ended June 30, 2019

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

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

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

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

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

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

The authority for establishing an assessment to pay for a portion of the cost of premiums or contributions for the program is in statute. According to NRS 287.046 the Office of Finance shall establish an assessment that is to be used to pay for a portion of the cost of premiums or contributions for the Program for persons who were initially hired before January 1, 2012, and have retired with State service. The money assessed must be deposited into the Retirees’ Fund and must be based upon an amount approved by the Legislature each session to pay for a portion of the current and future health and welfare benefits for persons who retired before January 1, 1994, or for persons who retire on or after January 1, 1994, as adjusted by the years of service subsidy rates. The required contribution rate for employers (the retired employees group insurance rate), as a percentage of covered-employee payroll, for the fiscal year ended June 30, 2018 was 2.35%. Contributions recognized as part of OPEB expense for the current fiscal year ended June 30, 2019 were \$24,757,967 for the primary government, \$16,656,000 for the Nevada System of Higher Education, and \$69,279 for the Colorado River Commission.

Notes to the Financial Statements

For the Year Ended June 30, 2019

OPEB Liabilities, OPEB Expenditure/Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB - Primary Government - At June 30, 2019, the State reported a liability of \$793,089,012, for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of July 1, 2018, 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, 2019, the State's proportion was 59.88% a decrease of 1.55% from its proportion measured at June 30, 2018.

For the year ended June 30, 2019, the State recognized OPEB expenditure of \$19,693,278 and OPEB expense of \$1,092,859. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 53,080
Net Differences between projected and actual investment earnings on OPEB plan investments	-	98
Contributions subsequent to the measurement date	24,758	-
Total	<u>\$ 24,758</u>	<u>\$ 53,178</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$24,757,967 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, 2020.

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	\$ (17,461)
2021	(17,461)
2022	(14,642)
2023	(3,614)
2024	-
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, 2019, the NSHE reported a liability of \$518,254,000, for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of July 1, 2018, 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, 2019, the NSHE's proportion was 39.13% an increase of 1.54% from its proportion measured at June 30, 2018.

For the year ended June 30, 2019, the NSHE recognized OPEB expense of \$32,401,000. At June 30, 2019, 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
Changes of assumptions	\$ -	\$ 34,686
Net Differences between projected and actual investment earnings on OPEB plan investments	-	64
Contributions subsequent to the measurement date	16,656	-
Total	<u>\$ 16,656</u>	<u>\$ 34,750</u>

Notes to the Financial Statements

For the Year Ended June 30, 2019

Of the total amount reported as deferred outflows of resources related to OPEB, \$16,656,000 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, 2020.

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	\$ (11,410)
2021	(11,410)
2022	(9,568)
2023	(2,362)
2024	-
Thereafter	-

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB - Colorado River Commission (CRC) - At June 30, 2019, the CRC reported a liability of \$2,218,398, for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of July 1, 2018, 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 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, 2019, the CRC's proportion was 0.1675% a decrease of 0.0065% from its proportion measured at June 30, 2018.

For the year ended June 30, 2019, the CRC recognized OPEB expense of \$118,034. At June 30, 2019, 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	\$ -	\$ 148
Net Differences between projected and actual investment earnings on OPEB plan investments	-	1
Contributions subsequent to the measurement date	69	-
Total	<u>\$ 69</u>	<u>\$ 149</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$69,279 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, 2020.

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	\$ (39)
2021	(39)
2022	(39)
2023	(31)
2024	-
Thereafter	-

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

Notes to the Financial Statements

For the Year Ended June 30, 2019

<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>	3.87% 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

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

The actuarial assumptions used in the 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% up from 3.58% in the prior year, 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, 2018 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):

	<u>1% Decrease in Discount Rate (2.87%)</u>	<u>Discount Rate (3.87%)</u>	<u>1% Increase in Discount Rate (4.87%)</u>
State's proportionate share of the collective net OPEB liability	\$ 873,844	\$ 793,089	\$ 722,907
NSHE's proportionate share of the collective net OPEB liability	571,024	518,254	472,392
CRC's proportionate share of the collective net OPEB liability	2,444	2,218	2,022

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
State's proportionate share of the collective net OPEB liability	\$ 739,768	\$ 793,089	\$ 856,038
NSHE's proportionate share of the collective net OPEB liability	483,410	518,254	559,388
CRC's proportionate share of the collective net OPEB liability	2,069	2,218	2,394

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, 2019, the primary government and the NSHE reported payables to the defined benefit OPEB plan of \$159,406 and \$1,532,000, 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, 2019

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, 2017	\$ 68,669	\$ 65,725
Claims and changes in estimates	227,863	11,657
Claim payments	<u>(224,849)</u>	<u>(16,191)</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	<u>\$ 94,881</u>	<u>\$ 61,338</u>
Due Within One Year	\$ 94,881	\$ 17,568

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, 2019. The estimated liability for these claims has been factored into the calculation of the reserve for losses and loss adjustment expenses developed.

A. Self-Insurance Fund

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

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

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

Notes to the Financial Statements

For the Year Ended June 30, 2019

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

B. Insurance Premiums Fund

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

For the period beginning January 1, 2001, and for each calendar year thereafter, the Fund purchased a high deductible policy for workers' compensation. Liabilities in the amount of \$48,062,915 as of June 30, 2019 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, 2019.

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

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

At June 30, 2019, incurred but not reported claims liability for general, civil and auto liability insurance is based upon standard actuarial techniques, which take into account financial data, loss experience of other self-insurance programs and the insurance industry, the development of known claims, estimates of the cost of reported claims, incurred but not reported claims, and allocated loss adjustment expenses. The incurred but not reported claims liability for property casualty insurance is based upon the estimated cost to replace damaged property. The liability for estimated losses from reported and unreported claims in excess of the amounts paid for the workers' compensation policies is determined using standard actuarial techniques, which take into account claims history and loss development factors for similar entities. Incurred but not reported claims liabilities are included in the reserve for losses.

The State is contingently liable for the cost of post retirement heart, lung and cancer disease benefits payable under the Nevada Occupational Disease Act. Any fireman or police officer that satisfies the two-year employment period under this act is eligible for coverage under Workers' Compensation for heart and lung disease. Any fireman that satisfies the five-year employment period under this act is eligible for coverage under Workers' Compensation for cancer disease. A range of estimated losses from \$5,949,500 to \$21,172,400 for heart disease, \$7,168,130 for lung disease and \$6,587,260 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, 2019 total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by \$42,999,124. The Fund is liable for approximately \$45,000,000 as of June 30, 2019 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.

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For the Year Ended June 30, 2019

Note 13. Fund Balances and Net Position

A. Net Position-Restricted by Enabling Legislation

The government-wide statement of net position reports \$3,949,688,000 of net position-restricted for the primary government, of which \$139,222,886 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, 2019, is shown below (expressed in thousands):

	Major Governmental Funds				Nonmajor Governmental Funds	Total Governmental
	General Fund	State Highway	Municipal Bond Bank	Permanent School Fund		
Fund balances:						
Nonspendable:						
Long term notes/loans receivable	\$ 14,966	\$ -	\$ -	\$ -	\$ -	\$ 14,966
Inventory	6,427	16,031	-	-	365	22,823
Advances	4,869	-	-	-	-	4,869
Prepaid items	3,945	396	-	-	95	4,436
Permanent fund principal	-	-	-	366,704	30	366,734
Restricted for:						
Administration	128	-	-	-	6,682	6,810
Agriculture	456	-	-	-	-	456
Business and industry	10,270	-	-	-	21,862	32,132
Capital projects	-	-	-	-	66,178	66,178
Conservation and natural resources	35,590	-	-	-	4,895	40,485
Corrections	12	-	-	-	20,571	20,583
Debt service	-	-	-	-	26,635	26,635
Economic development	2,148	-	-	-	-	2,148
Education K-12	579	-	-	-	-	579
Elected officials	2,328	-	-	-	-	2,328
Gaming control	9,655	-	-	-	-	9,655
Health and human services	1,963	-	-	-	13,427	15,390
Motor vehicles	-	60,227	-	-	-	60,227
Other purposes	-	-	-	-	7,239	7,239
Public safety	1,487	21,335	-	-	-	22,822
Transportation	-	318,289	-	-	-	318,289
Veteran's services	1,215	-	-	-	-	1,215
Wildlife	13,780	-	-	-	-	13,780
Committed to:						
Administration	11,902	-	-	-	-	11,902
Agriculture	6,628	-	-	-	839	7,467
Business and Industry	38,414	-	-	-	5,697	44,111
Capital projects	-	-	-	-	51,434	51,434
Conservation and natural resources	103,589	-	-	-	8,208	111,797
Corrections	5,553	-	-	-	-	5,553
Debt service	-	-	89,080	-	154,445	243,525
Economic development	11,873	-	-	-	6,165	18,038
Education K-12	39,130	-	-	-	-	39,130
Elected Officials	103,558	-	-	-	2,273	105,831
Employment and training	4,285	-	-	-	-	4,285
Fiscal emergency	356,723	-	-	-	-	356,723
Gaming control	7,898	-	-	-	-	7,898
Health and human services	52,645	-	-	-	1,392	54,037
Judicial	6,292	-	-	-	-	6,292
Legislative	100,486	-	-	-	-	100,486
Military	346	-	-	-	-	346
Motor vehicles	2,306	-	-	-	-	2,306
Other purposes	6,388	-	-	-	-	6,388
Public safety	17,380	2,228	-	-	-	19,608
Silver state health insurance	10,565	-	-	-	-	10,565
Social services	-	-	-	-	40,022	40,022
Tobacco settlement program	-	-	-	-	77,893	77,893
Taxation	5,016	-	-	-	-	5,016
Transportation	-	43,676	-	-	-	43,676
Veteran's services	5,646	-	-	-	-	5,646
Wildlife	19,123	-	-	-	-	19,123
Unassigned:	(216,877)	-	-	-	-	(216,877)
Total fund balances	<u>\$ 808,687</u>	<u>\$ 462,182</u>	<u>\$ 89,080</u>	<u>\$ 366,704</u>	<u>\$ 516,347</u>	<u>\$ 2,243,000</u>

Notes to the Financial Statements

For the Year Ended June 30, 2019

C. Individual Fund Deficit

Nonmajor Enterprise Funds:

Insurance Administration and Enforcement - The Insurance Administration and Enforcement Fund accounts for activities related to the administration and enforcement of the Nevada Insurance Code and other laws and regulations enforced by the Department of Business and Industry Division of Insurance. The fund recorded a decrease in net position of \$673,933 for the year ended June 30, 2019, resulting in a negative net position of \$7,847,164 at June 30, 2019.

Nevada Magazine - The Nevada Magazine Fund accounts for the operation of the publication, Nevada Magazine, which is published to promote tourism. The fund recorded an increase in net position of \$111,306 for the year ended June 30, 2019, resulting in a negative net position of \$1,145,262 at June 30, 2019.

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 \$915,187 for the year ended June 30, 2019, resulting in a negative net position of \$5,775,949 at June 30, 2019.

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 an increase in net position of \$18,223 for the year ended June 30, 2019, resulting in a negative net position of \$1,057,912 at June 30, 2019.

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 \$1,951,264 for the year ended June 30, 2019, resulting in a negative net position of \$42,999,124 at June 30, 2019.

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 \$6,701 for the year ended June 30, 2019, resulting in a negative net position of \$3,822,912 at June 30, 2019.

Personnel - The Personnel Fund accounts for the costs of administering the State personnel system. The fund recorded an increase in net position of \$930,310 for the year ended June 30, 2019, resulting in a negative net position of \$7,392,179 at June 30, 2019.

Purchasing - The Purchasing Fund provides purchasing services to State agencies and other governmental units. The fund recorded a decrease in net position of \$21,712 for the year ended June 30, 2019, resulting in a negative net position of \$2,399,351 at June 30, 2019.

Information Services - The Information Services Fund accounts for designing, programming, and maintaining data processing software and also operating the State's central computer facility, radio communication and telecommunication systems. The fund recorded a decrease in net position of \$5,937,747 for the year ended June 30, 2019, resulting in a negative net position of \$20,476,783 at June 30, 2019.

Note 14. Principal Tax Revenues

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

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

Notes to the Financial Statements

For the Year Ended June 30, 2019

Sales and Use Taxes are imposed at a minimum rate of 6.85%, with county and local option up to an additional 1.40%, 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, 2019

Note 15. Works of Art and Historical Treasures

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

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

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

Note 16. Tax Abatements

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

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

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

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

Notes to the Financial Statements

For the Year Ended June 30, 2019

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.

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.

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For the Year Ended June 30, 2019

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

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

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

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

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

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

Notes to the Financial Statements

For the Year Ended June 30, 2019

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, 2019, 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	\$ 2,414	\$ 2,372	\$ -	\$ 4,786
Capital Investment \$3.5B	4,285	-	-	4,285
Renewable Energy	-	954	-	954
Green Building	-	4,289	-	4,289
Transferable Tax Credits	-	-	45,714	45,714
Total	\$ 6,699	\$ 7,615	\$ 45,714	\$ 60,028

Note 17. Commitments and Contingencies

A. Primary Government

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

Several of the actions pending against the State are based upon the State’s (or its agents’) alleged negligence in which the State must be named as a party defendant. However, there is a statutory limit to the State’s liability of \$50,000 per cause of action through October 1, 2007 and \$75,000 per cause of action through October 1, 2011 and \$100,000 per cause of action thereafter. Such limitation does not apply to federal actions such as civil rights actions under 42 U.S.C. Section 1983 brought under

Notes to the Financial Statements

For the Year Ended June 30, 2019

federal law or to actions in other states. Building and contents are insured on a blanket replacement cost basis for all risk except certain specified exclusions.

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

The State is a defendant on several lawsuits associated with the Little Valley fire, which occurred in October 2016. The State intends to defend these lawsuits vigorously. The outcome of the lawsuits is not presently determinable, and as the amount is neither probable nor capable of reasonable estimation, the accompanying financial statements do not include a liability for any potential loss.

The State is a defendant associated with a medical malpractice class action lawsuit. A jury awarded a plaintiffs' verdict, which was reduced to \$100,000 per plaintiff. Although a class has been certified, the Court has not determined how many persons are in the class. The potential exposure ranges between \$100,000 and \$10 million depending on the number of class members. Moreover, the potential judgment will be subject to post-trial motions and appeals. As a result, it is possible that the existing judgment will be reduced or eliminated. The outcome of the lawsuit is not presently determinable, and as the amount is neither probable nor capable of reasonable estimation, the accompanying financial statements do not include a liability for any potential loss.

The State is a defendant on a Fair Labor Standards Act collective, class-action lawsuit associated with the Nevada Department of Corrections. On October 16, 2019, The U.S. Court of Appeals for the Ninth Circuit rendered an opinion stating that the State waived the right for state sovereign immunity from suit on certain federal-law claims. 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.

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, 2019 amounted to \$49.0 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, 2019 (expressed in thousands):

For the Year Ending June 30	Amount
2020	\$ 42,648
2021	34,992
2022	29,545
2023	24,355
2024	19,735
2025-2029	34,054
2030-2034	6,546
2035-2039	6,656
2040-2044	3,967
Total	\$ 202,498

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, 2019, 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

Notes to the Financial Statements

For the Year Ended June 30, 2019

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, 2019 were \$175.5 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, 2019, encumbered expenditures in governmental funds were as follows (expressed in thousands):

	<u>Amount</u>
General Fund	\$ 4,293
State Highway	3,980
Nonmajor governmental funds	16
Total	<u>\$ 8,289</u>

Construction Commitments – As of June 30, 2019, the Nevada Department of Transportation had total contractual commitments of approximately \$299.2 million for construction of various highway projects. Other major non-highway construction commitments for the primary government's budgeted capital projects funds total \$91.2 million.

B. Discretely Presented Component Units

Nevada System of Higher Education (NSHE) – As of June 30, 2019, NSHE is a defendant or co-defendant in legal actions. Based on present knowledge and advice of legal counsel, NSHE management believes any ultimate liability in these matters, in excess of insurance coverage, will not materially adversely affect the net position, changes in net position or cash flows of NSHE.

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

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

The NSHE is self-insured for its unemployment liability. The NSHE is billed by the State each quarter based on the actual unemployment benefits paid by the State. Each year the NSHE budgets resources to pay for the projected expenditures. The amount of future benefits payments to claimants and the resulting liability to the NSHE cannot be reasonably determined as of June 30, 2019.

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, 2019 is \$91.0 million. These costs will be financed by State appropriations, private donations, available resources and/or long-term borrowings.

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

Nevada Capital Investment Corporation (NCIC) - The NCIC currently has commitments to the Silver State Opportunity Fund (SSOF) of \$50.0 million (the First Tranche) and to Accion 2017G, LLC, of \$1.0 million. As of June 30, 2019, the NCIC has

Notes to the Financial Statements

For the Year Ended June 30, 2019

fulfilled \$44.6 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 December 10, 2019, the State issued \$196,350,000 in General Obligation Bonds. The 2019A Bonds were issued to finance various capital improvement projects, including construction of a new Department of Motor Vehicles Service Center, Reno, and construction of a new Engineering Building at the University of Nevada, Reno. These bonds were not used for refunding purposes. The 2019B Bonds were issued to finance costs of environmental improvement projects for the Lake Tahoe Basin and to provide grants for water conservation and capital improvements to certain water systems. The 2019C Bonds were issued to provide state matching funds for the State's Safe Drinking Water Revolving Fund program for the protection and preservation of the property and natural resources of the State. The 2019D Bonds were issued to provide state matching funds for the State's Water Pollution Control Revolving Fund program for the construction of treatment works, the implementation of pollution control projects and to pay costs of issuance of the 2019D Bonds. The 2019E Bonds were issued to pay the interest and installments of principal on any bonds issued.

Litigation Settlement – On July 11, 2019, the State, along with 29 other states announced a \$10 million settlement with Premera Blue Cross, the largest health insurance company in the Pacific Northwest, to resolve claims about its failure to secure sensitive consumer data. Premera's insufficient data security exposed the protected health information and personal information of more than 10.4 million consumers nationwide, including 49,529 Nevada consumers. Premera is also required under the settlement to implement specific data security controls intended to protect personal health information, annually review its security practices, and provide data security reports to the attorneys general.

On July 22, 2019, the State, along with a coalition of 50 attorneys general, 48 states, the District of Columbia and the Commonwealth of Puerto Rico, reached a settlement with Equifax following a national investigation into a massive 2017 data breach. The investigation found that Equifax's failure to maintain a reasonable security system enabled hackers to penetrate its systems, exposing the data of 56 percent of American adults - the largest-ever breach of consumer data.

As a result of the investigations, the coalition of attorneys general secured a settlement with Equifax that includes a Consumer Restitution Fund of up to \$425 million, a \$175 million payment to the states and injunctive relief, which also includes a significant financial commitment. Equifax also agreed to pay the states a total of \$175 million, which includes \$1,468,342 for Nevada.

B. Discretely Presented Component Units

Nevada System of Higher Education – On July, 5, 2019, two explosions occurred on the UNR campus that damaged Argenta and Nye Halls, two of UNR's residence halls, as well as the primary residence hall dining facility located in Argenta Hall. The net book value of Argenta and Nye Halls was \$23,197,000 at June 30, 2019. The explosions originated in the boiler room of Argenta Hall. No one was seriously injured in the explosions and, while significantly damaged, both Argenta and Nye Halls have been evaluated by outside engineers and the structures have been preliminarily determined to be repairable. UNR has secured temporary housing facilities nearby in the newly renovated, non-gaming West Tower of Circus Circus, Reno in order to accommodate the approximately 1,300 students displaced by the temporary closing of Argenta and Nye Halls. The term of the lease for the temporary housing is from July 31, 2019 through May 16, 2020 and monthly rent was due beginning on August 15, 2019 in nine monthly payments of \$2,408,340. In addition, there is an option to extend the lease for one additional period from July 31, 2020 through May 15, 2021. Interim dining facilities have also been adapted to accommodate all UNR residence hall occupants during the repair timeframe.

Notes to the Financial Statements

For the Year Ended June 30, 2019

UNR is covered by both casualty and business interruption insurance. Based on assurances from UNR's insurers with respect to casualty and business interruption coverages, the System does not expect the July 5th incident to have materially adverse consequences to UNR's overall financial position or operations. However, while the System would characterize the current status of negotiations with UNR's insurers as generally positive and the payments of claims as timely, it is not possible for the System to predict with certainty at this time whether issues might arise in the future that could negatively impact UNR's liquidity of financial resources.

In September 2019, UNR sold a parcel of land with a net book value at June 30, 2019 of \$1,035,000 for consideration of \$18,000,000.

C. New Accounting Pronouncements

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

In June 2017, the GASB issued Statement No. 87, Leases. 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 fiscal years beginning after December 15, 2019. 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 construction period. The Statement is effective for reporting periods beginning after December 15, 2019. The anticipated impact of this pronouncement is uncertain at this time.

In August 2018, the GASB issued Statement No. 90, Majority Equity Interests-An Amendment to GASB Statements No. 14 and No. 61. The primary objectives are to improve the consistency and comparability of reporting a government's majority equity interest in legally separate organization and to improve the relevance of financial statement information for certain component units. This statement is effective for fiscal years beginning after December 15, 2018. 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 fiscal years beginning after December 15, 2020. The anticipated impact of this pronouncement is uncertain at this time.

Notes to the Financial Statements

For the Year Ended June 30, 2019

Note 19. Accounting Changes and Restatements

Beginning net position of governmental activities was restated for a net increase of \$3.1 billion, due to correction of an error for expenses recorded for infrastructure projects in progress that should have been recorded as construction in progress; correction of an error for infrastructure and rights-of-way previously not recorded; correction of an error in the State Highway Fund for expenditures recorded in fiscal year 2018 that were for purchases of items not received prior to year-end and which should have been recorded in fiscal year 2019; and correction of an error in the Permanent School Fund, as identified by the Nevada Capital Investment Corporation, for earnings paid to the Permanent School Fund erroneously since 2013, and which overstated the Due from Component Unit.

The following table shows the changes to the beginning net position as of July 1, 2018 for the primary government (expressed in thousands):

	Governmental Activities
Net position at June 30, 2018 as previously reported	\$ 4,453,993
Infrastructure construction in progress previously recorded as expenses	1,760,275
Infrastructure previously not recorded	1,164,054
Rights-of-way previously not recorded	195,189
Correction of earnings in the Permanent School Fund	(3,914)
Expenses recorded in the wrong fiscal year	3,510
	<u>7,573,107</u>
Net position at July 1, 2018 as restated	<u>\$ 7,573,107</u>

The following table shows the changes to the beginning fund balance as of July 1, 2018 for the following major funds (expressed in thousands):

	Major Governmental Funds	
	State Highway	Permanent School Fund
Fund balance at June 30, 2018 as previously reported	\$ 527,285	\$ 360,679
Earnings erroneously received in the Permanent School Fund	-	(3,914)
Expenses recorded in the wrong fiscal year	3,510	-
Fund balance at July 1, 2018 as restated	<u>\$ 530,795</u>	<u>\$ 356,765</u>

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

For the Fiscal Year Ended June 30, 2019

	General Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
Sources of Financial Resources				
Fund balances, July 1	\$ 1,146,546,402	\$ 1,146,546,402	\$ 1,146,546,402	\$ -
Prior period adjustment	4,386,443	4,386,443	4,386,443	-
<i>Revenues:</i>				
Sales taxes	1,262,102,000	1,282,268,000	1,284,695,935	2,427,935
Gaming taxes, fees, licenses	920,210,303	933,461,224	901,568,916	(31,892,308)
Intergovernmental	4,173,814,393	4,818,188,148	4,443,771,295	(374,416,853)
Other taxes	2,113,982,358	2,298,984,476	2,357,417,225	58,432,749
Sales, charges for services	286,442,573	307,612,274	273,647,046	(33,965,228)
Licenses, fees and permits	725,056,355	782,488,617	771,042,285	(11,446,332)
Interest	13,118,094	31,245,470	29,897,956	(1,347,514)
Other	347,760,796	411,550,368	348,297,693	(63,252,675)
<i>Other financing sources:</i>				
Proceeds from sale of bonds	1,035,097	1,005,097	1,005,097	-
Transfers	752,433,427	927,012,470	788,893,191	(138,119,279)
Reversions from other funds	-	-	1,523,555	1,523,555
Total sources of financial resources	11,746,888,241	12,944,748,989	12,352,693,039	(592,055,950)
Uses of Financial Resources				
<i>Expenditures and encumbrances:</i>				
Elected officials	172,385,128	269,470,815	138,803,887	130,666,928
Legislative and judicial	124,103,063	183,938,490	85,120,510	98,817,980
Finance and administration	159,350,506	196,833,941	147,915,463	48,918,478
Education - K to 12	2,379,256,998	2,574,354,927	2,408,856,233	165,498,694
Education - higher education	966,531,125	1,003,002,292	994,873,370	8,128,922
Human services	5,767,030,920	6,337,441,703	5,961,234,358	376,207,345
Commerce and industry	446,331,741	479,655,929	338,553,051	141,102,878
Public safety	494,449,404	550,107,081	465,814,958	84,292,123
Motor vehicles	-	-	-	-
Infrastructure	350,276,326	472,147,189	217,362,954	254,784,235
Special purpose agencies	89,895,322	101,613,460	74,429,099	27,184,361
<i>Other financing uses:</i>				
Transfers to other funds	34,110,498	185,090,242	185,090,242	-
Reversions to other funds	-	-	880,603	(880,603)
Projected reversions	(50,000,000)	(50,000,000)	-	(50,000,000)
Total uses of financial resources	10,933,721,031	12,303,656,069	11,018,934,728	1,284,721,341
Fund balances, June 30	\$ 813,167,210	\$ 641,092,920	\$ 1,333,758,311	\$ 692,665,391

(continued)

State Highway				Municipal Bond Bank			
Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 511,457,073	\$ 511,457,073	\$ 511,457,073	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
345,938,096	373,230,043	364,248,603	(8,981,440)	-	-	-	-
389,260,685	445,538,472	445,746,143	207,671	-	-	-	-
20,146,274	19,830,491	20,094,526	264,035	-	-	-	-
228,141,475	239,692,627	238,308,196	(1,384,431)	-	-	-	-
1,011,818	12,409,713	12,556,859	147,146	3,193,030	3,423,545	3,423,544	(1)
42,686,671	53,902,302	49,291,943	(4,610,359)	3,235,000	3,425,000	3,425,000	-
-	-	-	-	-	-	-	-
10,261,434	18,601,173	23,128,233	4,527,060	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,548,903,526</u>	<u>1,674,661,894</u>	<u>1,664,831,576</u>	<u>(9,830,318)</u>	<u>6,428,030</u>	<u>6,848,545</u>	<u>6,848,544</u>	<u>(1)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
92,527,330	110,145,267	83,849,052	26,296,215	-	-	-	-
154,977,756	179,010,906	127,757,935	51,252,971	-	-	-	-
816,045,926	1,045,084,141	929,593,560	115,490,581	-	-	-	-
-	-	-	-	-	-	-	-
91,200,112	91,200,112	91,200,112	-	6,428,030	6,848,545	6,848,544	1
-	-	67,407	(67,407)	-	-	-	-
<u>(60,378,816)</u>	<u>(88,378,816)</u>	<u>-</u>	<u>(88,378,816)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,094,372,308</u>	<u>1,337,061,610</u>	<u>1,232,468,066</u>	<u>104,593,544</u>	<u>6,428,030</u>	<u>6,848,545</u>	<u>6,848,544</u>	<u>1</u>
<u>\$ 454,531,218</u>	<u>\$ 337,600,284</u>	<u>\$ 432,363,510</u>	<u>\$ 94,763,226</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2019

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 15th are reported instead of the amounts disclosed in the original budget. The August 15, 2019 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, 2019 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>	<u>Municipal Bond Bank</u>
Fund balances (budgetary basis) June 30, 2019	\$ 1,333,758	\$ 432,364	\$ -
Adjustments:			
<i>Basis differences:</i>			
Petty cash or outside bank accounts	5,032	196	-
Loans not recorded on the budgetary basis	-	-	88,085
Accrual of certain other receivables	389,117	6,869	995
Inventory	5,753	16,426	-
Advances to other funds	5,786	3,685	-
Accrual of certain accounts payable and other liabilities	(568,089)	(3,574)	-
Unearned revenues	(123,458)	-	-
Deferred inflows - unavailable	(266,490)	-	-
Encumbrances	4,293	6,432	-
Other	5,067	(217)	-
<i>Perspective differences:</i>			
Special revenue fund reclassified to General Fund for GAAP purposes	17,918	-	-
Fund balances (GAAP basis) June 30, 2019	<u>\$ 808,687</u>	<u>\$ 462,181</u>	<u>\$ 89,080</u>

Total fund balance on the budgetary basis in the General Fund at June 30, 2019, 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)	\$ 1,333,758
Restricted funds	(988,040)
Unrestricted fund balance (budgetary basis)	<u>\$ 345,718</u>

Required Supplementary Information

For the Fiscal Year Ended June 30, 2019

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):

	2018	2017	2016	2015	2014
State's proportion of the net pension liability	16.5 %	16.8 %	16.3 %	16.4 %	16.6 %
State's proportionate share of the net pension liability	\$ 2,248,729	\$ 2,233,666	\$ 2,187,213	\$ 1,879,626	\$ 1,730,601
State's covered payroll	\$ 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	225 %	227 %	241 %	215 %	198 %
Plan fiduciary net position as a percentage of the total pension liability	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):

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Statutorily required contributions	\$ 161,627	\$ 153,762	\$ 151,492	\$ 190,528	\$ 176,579	\$ 174,712	\$ 162,484	\$ 163,219	\$ 160,959	\$ 164,630
Contributions in relation to the statutorily required contribution	\$ 161,627	\$ 153,762	\$ 151,492	\$ 190,528	\$ 176,579	\$ 174,712	\$ 162,484	\$ 163,219	\$ 160,959	\$ 164,630
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,049,306	\$ 997,840	\$ 984,131	\$ 906,687	\$ 874,098	\$ 872,316	\$ 855,179	\$ 859,047	\$ 946,818	\$ 968,412
Contributions as a percentage of covered payroll	15 %	15 %	15 %	21 %	20 %	20 %	19 %	19 %	17 %	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):

	2018	2017	2016	2015	2014
NSHE's proportion of the net pension liability	2.9 %	2.9 %	2.9 %	2.8 %	2.8 %
NSHE's proportionate share of the net pension liability	\$ 398,883	\$ 383,226	\$ 389,352	\$ 324,708	\$ 292,841
NSHE's covered payroll	\$ 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	212 %	213 %	228 %	196 %	180 %
Plan fiduciary net position as a percentage of the total pension liability	304 %	291 %	260 %	302 %	322 %

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):

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

Note: 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.

Required Supplementary Information

For the Fiscal Year Ended June 30, 2019

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):

	2018	2017	2016	2015	2014
CRC's proportion of the net pension liability	0.04 %	0.04 %	0.05 %	0.05 %	0.05 %
CRC's proportionate share of the net pension liability	\$ 5,994	\$ 5,867	\$ 6,596	\$ 4,997	\$ 6,305
CRC's covered payroll	\$ 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	210 %	217 %	256 %	197 %	269 %
Plan fiduciary net position as a percentage of the total pension liability	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):

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

Note: 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.

B. Single-employer Plan

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

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

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

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

	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
Contributions as a percentage of covered payroll	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, 2019

C. Agent Multiple-employer Plan

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

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 4,231	\$ 3,718	\$ 3,828	\$ 3,593	\$ 3,411
Interest	10,141	9,993	9,677	8,876	8,367
Differences between expected and actual experience	(5,065)	1,123	(4,211)	1,250	(2,666)
Change of assumptions	-	79	-	-	-
Benefit payments, including refunds	(5,657)	(5,524)	(5,351)	(4,896)	(4,295)
Other	515	419	-	2,357	990
Net change in total pension liability	4,165	9,808	3,943	11,180	5,807
Total pension liability - beginning	133,561	123,753	119,810	108,630	102,823
Total pension liability - ending (a)	\$ 137,726	\$ 133,561	\$ 123,753	\$ 119,810	\$ 108,630
Plan fiduciary net position					
Contributions - employer	\$ 5,307	\$ 5,786	\$ 5,773	\$ 6,155	\$ 6,002
Contributions - employee	115	255	269	96	-
Net investment income	9,696	12,556	1,556	3,206	14,252
Benefit payments, including refunds	(5,657)	(5,524)	(5,351)	(4,896)	(4,295)
Administrative expense	(101)	(95)	(90)	(86)	(83)
Other	515	419	-	2,357	990
Net change in plan fiduciary net position	9,875	13,397	2,157	6,832	16,866
Plan fiduciary net position - beginning	114,499	101,102	98,945	92,113	75,247
Plan fiduciary net position - ending (b)	\$ 124,374	\$ 114,499	\$ 101,102	\$ 98,945	\$ 92,113
Net pension liability - beginning	\$ 19,062	\$ 22,651	\$ 20,865	\$ 16,517	\$ 27,576
Net pension liability - ending (a) - (b)	\$ 13,352	\$ 19,062	\$ 22,651	\$ 20,865	\$ 16,517
Plan fiduciary net position as a percentage of total pension liability	90 %	86 %	82 %	83 %	85 %
Covered payroll (measurement as of end of fiscal year)	\$ 20,451	\$ 20,995	\$ 20,154	\$ 19,930	\$ 18,934
Net pension liability as a percentage of covered payroll	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):

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

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>2018</u>	<u>2017</u>
State's proportion of the collective net OPEB liability	59.88 %	61.43 %
State's proportionate share of the collective net OPEB liability	\$ 793,089	\$ 799,477
State's covered payroll *	\$ 1,010,679	\$ 964,668
State's proportionate share of the collective net OPEB liability as a percentage of its covered payroll *	78.47 %	82.88 %
Plan fiduciary net position as a percentage of the total OPEB liability	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>2019</u>	<u>2018</u>
Contractually required contribution *	\$ 24,758	\$ 23,751
Contributions in relation to the contractually required contribution	\$ 24,758	\$ 23,751
Contribution (deficiency) excess *	\$ -	\$ -
State's covered payroll *	\$ 1,058,033	\$ 1,010,679
Contributions as a percentage of covered payroll	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>2018</u>	<u>2017</u>
NSHE's proportion of the collective net OPEB liability	39.13 %	37.59 %
NSHE's proportionate share of the collective net OPEB liability	\$ 518,254	\$ 489,754
NSHE's covered payroll	\$ 711,803	\$ 625,454
NSHE's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	72.81 %	78.30 %
Plan fiduciary net position as a percentage of the total OPEB liability	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>2019</u>	<u>2018</u>
Contractually required contribution	\$ 16,727	\$ 15,689
Contributions in relation to the contractually required contribution	\$ 16,656	\$ 15,702
Contribution (deficiency) excess	\$ (71)	\$ 13
NSHE's covered payroll	\$ 711,803	\$ 667,622
Contributions as a percentage of covered payroll	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, 2019

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

	<u>2018</u>	<u>2017</u>
CRC's proportion of the collective net OPEB liability	0.17 %	0.17 %
CRC's proportionate share of the collective net OPEB liability	\$ 2,218	\$ 2,261
CRC's covered payroll	\$ 1,863	\$ 2,891
CRC's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	119.07 %	78.22 %
Plan fiduciary net position as a percentage of the total OPEB liability	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>2019</u>	<u>2018</u>
Contractually required contribution	\$ 52	\$ 68
Contributions in relation to the contractually required contribution	\$ 69	\$ 66
Contribution (deficiency) excess	\$ 17	\$ (2)
CRC's covered payroll	\$ 1,863	\$ 2,750
Contributions as a percentage of covered payroll	2.81 %	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 2018, the discount rate used to measure the total OPEB liability increased from 3.58% to 3.87%.

Required Supplementary Information

For the Fiscal Year Ended June 30, 2019

Schedule of Infrastructure Condition and Maintenance Data

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

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

Condition Level of the Roadways
Percentage of roadways with an IRI of less than 95

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

The State has set a policy to maintain its bridges so that not more than 10 percent are structurally deficient or functionally obsolete. The following table shows the State's policy and condition level of the bridges.

Condition Level of the Bridges
Percentage of substandard bridges

	2017	2016	2015
	State Policy-maximum percentage	10%	10%
Actual results condition assessment	1%	2%	4%

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

Maintenance and Preservation Costs
(Expressed in Thousands)

	2019	2018	2017	2016	2015
	Estimated	\$ 134,713	\$ 286,153	\$ 171,755	\$ 306,532
Actual	130,158	252,859	157,670	295,244	329,677

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, 2019, and the related notes to the financial statements, which collectively comprise the State of Nevada’s basic financial statements, and have issued our report thereon dated January 31, 2020. 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, the Retirement Benefits Investment Fund – Investment Trust Fund, and the Division of Museums and History Dedicated Trust Fund – Special Revenue Fund, as described in our report on the State of Nevada’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by some of those auditors. The financial statements of the Division of Museums and History Dedicated Trust Fund, the Pension Trust Funds, the Insurance Premiums Internal Service Fund and the Retirement Benefits Investment Fund were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of Nevada’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Nevada’s internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Nevada’s internal control.

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 as findings 2019-001, 2019-002, 2019-003, 2019-004, 2019-005, 2019-006, and 2019-007 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The State of Nevada's Response to Findings

The State of Nevada's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The State of Nevada's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on 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
January 31, 2020



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, 2019. 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 \$566,974,004 in federal awards that are not included in the State’s schedule of expenditures of federal awards for the year ended June 30, 2019. 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 each major federal program. 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), Title I Grants to Local Educational Agencies, Special Education Cluster, Rehabilitation Services Vocational Rehabilitation Grants to States, Temporary Assistance for Needy Families Cluster, Adoption Assistance, and Medicaid Cluster

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

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2019-009	10.557	Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	Procurement, Suspension and Debarment
2019-022	84.010	Title I Grants to Local Educational Agencies	Subrecipient Monitoring
2019-023	84.010	Title I Grants to Local Educational Agencies	Special Tests and Provisions
2019-025	84.027/84.173	Special Education Cluster	Procurement, Suspension and Debarment
2019-026	84.027/84.173	Special Education Cluster	Subrecipient Monitoring
2019-028	84.126	Rehabilitation Services Vocational Rehabilitation Grants to States	Reporting
2019-030	93.558	Temporary Assistance for Needy Families Cluster	Subrecipient Monitoring
2019-037	93.659	Adoption Assistance	Matching, Level of Effort, Earmarking/Reporting
2019-040	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), Title I Grants to Local Educational Agencies, Special Education Cluster, Rehabilitation Services Vocational Rehabilitation Grants to States, Temporary Assistance for Needy Families Cluster, Adoption Assistance, 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), Title I Grants to Local Educational Agencies, Special Education Cluster, Rehabilitation Services Vocational Rehabilitation Grants to States, Temporary Assistance for Needy Families Cluster, Adoption Assistance, and Medicaid Cluster for the year ended June 30, 2019.

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, 2019.

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 2019-031 and 2019-034. Our opinion on each federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance

requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as findings 2019-008 through 2019-010, 2019-012, 2019-014, 2019-016 through 2019-018, 2019-021 through 2019-023, 2019-025 through 2019-028, 2019-030, 2019-032, 2019-034, 2019-037, 2019-038, and 2019-040 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 2019-011, 2019-013, 2019-015, 2019-019, 2019-020, 2019-024, 2019-029, 2019-031, 2019-033, 2019-035, 2019-036, and 2019-039 to be significant deficiencies.

The State's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The State's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nevada as of and for the year ended June 30, 2019, and have issued our report thereon dated January 31, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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
March 19, 2020

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Department of the Interior				
Research and Development CLUSTER				
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2012	\$ 30,988	\$ 30,988
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2013	11,709	-
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2014	75,230	18,694
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2015	116,845	114,837
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2016 LWCF	108,787	104,539
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2017 LWCF	2,359,543	55,857
Total Research and Development CLUSTER			2,703,102	324,915
Total Department of the Interior			2,703,102	324,915
Department of Justice				
Research and Development CLUSTER				
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2016-CK-BX-0007-0875-DOE	307,600	17,274
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2016-CK-BX-0007-0875-DPS	190,365	-
Total Research and Development CLUSTER			497,965	17,274
Total Department of Justice			497,965	17,274
Environmental Protection Agency				
Research and Development CLUSTER				
Surveys, Studies, Investigations Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034	99T08101	96,917	-
Regional Wetland Program Development Grants	66.461	99T65201	224,823	224,823
Total Research and Development CLUSTER			321,740	224,823
Total Environmental Protection Agency			321,740	224,823
Department of Health and Human Services				
Research and Development CLUSTER				
Food and Drug Administration_Research	93.103	1U18FD006183-01	16,989	-
Food and Drug Administration_Research	93.103	5R13FD005541-03	7,850	-
Food and Drug Administration_Research	93.103	5U18FD005892-04	401,284	178,933
			426,123	178,933
Primary Care Services_Resource Coordination and Development	93.130	2 U68HP11441-11-00	38,766	-
Primary Care Services_Resource Coordination and Development	93.130	5 U68HP11441-10-00	128,729	-
			167,495	-

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Injury Prevention and Control Research and State and Community Based Programs	93.136	1 NUF2CE002475-01-00	\$ 134,698	\$ 72,445
Injury Prevention and Control Research and State and Community Based Programs	93.136	5 NU17CE002737-03-00	1,157,596	85,164
Injury Prevention and Control Research and State and Community Based Programs	93.136	5 NU17CE924856-03	148,260	69,650
Injury Prevention and Control Research and State and Community Based Programs	93.136	5 NU17CE924901-02-00	123,983	98,177
Injury Prevention and Control Research and State and Community Based Programs	93.136	5 NUF2CE002430-05-00	336,101	219,464
Injury Prevention and Control Research and State and Community Based Programs	93.136	6 NU17CE002737-01-01	2,253	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	6 NU17CE002737-02-04	334,222	113,871
Injury Prevention and Control Research and State and Community Based Programs	93.136	6 NU17CE924856-01-03	223	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	6 NU17CE924856-02-01	45,027	35,295
Injury Prevention and Control Research and State and Community Based Programs	93.136	6 NU17CE924901-01-01	88,147	86,840
			2,370,510	780,906
Total Research and Development CLUSTER			2,964,128	959,839
Total Department of Health and Human Services			2,964,128	959,839
Grand Total Research and Development CLUSTER			6,486,935	1,526,851
Department of Agriculture				
Child Nutrition CLUSTER				
School Breakfast Program	10.553	7NV300AG3 /201818N109947	12,114,952	12,067,890
School Breakfast Program	10.553	7NV300AG3/201919N109947	28,561,836	28,436,814
			40,676,788	40,504,704
National School Lunch Program	10.555	7NV300AG3/201818N109947	30,618,334	30,539,314
National School Lunch Program	10.555	7NV300AG3/201919N109947	76,275,514	76,064,071
National School Lunch Program	10.555	National School Lunch Program Commodities	19,486,293	19,486,293
			126,380,141	126,089,678
Special Milk Program for Children	10.556	7NV300AG3/201818N109947	9,996	9,996
Special Milk Program for Children	10.556	7NV300AG3/201919N109947	34,098	34,098
			44,094	44,094
Summer Food Service Program for Children	10.559	7NV300AG3/201818N109947	1,916,940	1,872,146
Summer Food Service Program for Children	10.559	7NV300AG3/201919N109947	100,441	67,191

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Summer Food Service Program for Children	10.559	Summer Food Service Program Commodities	\$ 8,970	\$ 8,970
			2,026,351	1,948,307
Total Child Nutrition CLUSTER			169,127,374	168,586,783
Food Distribution CLUSTER				
Commodity Supplemental Food Program	10.565	7NV810AG1/201818Y800547	243,756	243,485
Commodity Supplemental Food Program	10.565	7NV810AG1/201919Y800547	400,451	331,420
Commodity Supplemental Food Program	10.565	Commodity Supplemental Food Program Commodities	1,685,159	1,685,159
			2,329,366	2,260,064
Emergency Food Assistance Program (Administrative Costs)	10.568	7NV810AG8/201818Y810547	343,386	337,555
Emergency Food Assistance Program (Administrative Costs)	10.568	7NV810AG8/201919Y810547	400,100	390,886
			743,486	728,441
Emergency Food Assistance Program (Food Commodities)	10.569	Emergency Food Assistance Commodities	6,048,051	6,048,051
Total Food Distribution CLUSTER			9,120,903	9,036,556
Forest Service Schools and Roads CLUSTER				
Schools and Roads_Grants to States	10.665	Schools and Roads Grants to States	3,331,510	3,331,510
Total Forest Service Schools and Roads CLUSTER			3,331,510	3,331,510
SNAP CLUSTER				
Supplemental Nutrition Assistance Program (SNAP)	10.551	SNAP	618,295,983	-
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV4004NV 201818S803647	5,217	-
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV4004NV 201918S803647	1,510	-
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV400NV4 201818S251447	5,353,190	604,135
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV400NV4 201818S251947	15,366	15,366
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV400NV4 201818S252047	2,055	-
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV400NV4 201919S251447	21,128,102	665,265
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV400NV4 201919S252047	17,573	-
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV430NV4 201818Q750347	176,327	-
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV430NV4 201919Q750347	678,757	-
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV430NV5 201717Q390347	357,367	357,367

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

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	\$ 2,725,964	\$ 2,198,388
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	7NV430NV5 201919Q390347	40,903	-
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	FOODNUTRITION SNAP BONUS	142,523	-
			30,644,854	3,840,521
Total SNAP CLUSTER			648,940,837	3,840,521
Plant and Animal Disease, Pest Control, and Animal Care	10.025	04-8576-0836-CA	107,018	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C322	21,696	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C326	8,891	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C327	14,492	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C328	13,627	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C333	5,000	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C334	2,987	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C335	16,612	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C336	16,754	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C337	37,976	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C338	8,180	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C339	6,787	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C346	9,483	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C394	17,391	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000240	10,002	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C198	3,373	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C199	235	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C200	4,121	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C201	55,850	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C202	28	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C206	10,640	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C207	2,063	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C208	19,500	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C239	30,936	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C322	5,629	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C323	27,183	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C324	902	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C325	211	-

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

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	AP18VSSPRS00C110	\$ 45,137	\$ -
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18VSSPRS00C119	31,925	-
			534,629	-
Wildlife Services (Animal Damage Control)	10.028	16-7440-1197-CA	8,542	-
Market Protection and Promotion	10.163	12-25-A-5433	3,701	-
Specialty Crop Block Grant Program - Farm Bill	10.170	15SCBGNV0036	99,968	82,797
Specialty Crop Block Grant Program - Farm Bill	10.170	16SCBGNV0019	63,511	57,591
Specialty Crop Block Grant Program - Farm Bill	10.170	AM170100XXXXG038	83,207	80,150
Specialty Crop Block Grant Program - Farm Bill	10.170	AM180100XXXXG027	15,596	13,377
			262,282	233,915
Emergency Food Assistance Program (Food Commodities)	10.178	CFDA 10.178 DIRECT COST PROCESSING	141,827	141,827
Emergency Food Assistance Program (Food Commodities)	10.178	TEFAP TRADE MITIGATION FOOD ASSISTANCE PROGRA	5,885,738	5,885,738
			6,027,565	6,027,565
Homeland Security_Agricultural	10.304	2016-37620-25851	15,948	-
CACFP Training Grants	10.536	CN-CACFP-TRN-18-NV-1	21,993	-
Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants	10.537	8NV400001 201717S807321	72,984	-
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	201717W100647	1,872	-
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	201818W100347	6,392,847	5,514,612
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	201818W100647	5,787,407	-
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	201919W100347	9,062,689	6,995,439
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	201919W100647	19,039,329	-
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	7NV700NV1-20165347	1,523	-
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	7NV700NV1-20175347	184,870	184,870
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	7NV700NV1-20185347	275,028	275,028

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

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	WIC NON-FED PROGRAM INCOME	\$ 7,407	\$ 7,407
			40,752,972	12,977,356
Child and Adult Care Food Program	10.558	7NV300AG3/201818N109947	3,612,929	3,579,499
Child and Adult Care Food Program	10.558	7NV300AG3/201818N202047	164,518	164,518
Child and Adult Care Food Program	10.558	7NV300AG3/201919N109947	9,700,705	9,590,332
Child and Adult Care Food Program	10.558	7NV300AG3/201919N202047	427,306	427,306
Child and Adult Care Food Program	10.558	7NV300AG4/201818N105047	43,821	43,821
Child and Adult Care Food Program	10.558	7NV300AG4/201919N105047	84,799	84,799
Child and Adult Care Food Program	10.558	Child & Adult Food Care Program Commodities	156,288	156,288
			14,190,366	14,046,563
State Administrative Expenses for Child Nutrition	10.560	7NV300AG2/201818N253347	693,105	-
State Administrative Expenses for Child Nutrition	10.560	7NV300AG2/201919N253347	919,120	-
			1,612,225	-
Food Distribution Program on Indian Reservations	10.567	7NV430AG4/201818Q520647	80,861	-
Food Distribution Program on Indian Reservations	10.567	7NV430AG4/201818Q520847	43	-
Food Distribution Program on Indian Reservations	10.567	7NV430AG4/201919Q520647	162,823	-
Food Distribution Program on Indian Reservations	10.567	7NV430AG4/201919Q520847	692	-
Food Distribution Program on Indian Reservations	10.567	Food Distribution Prgm on Indian Res. Commodities	354,766	354,766
			599,185	354,766
WIC Farmers' Market Nutrition Program (FMNP)	10.572	7NV810NV7-201818Y860447	7,433	2,440
WIC Farmers' Market Nutrition Program (FMNP)	10.572	7NV810NV7-201818Y860747	24,066	24,066
WIC Farmers' Market Nutrition Program (FMNP)	10.572	7NV810NV7-201919Y860447	5,579	-
			37,078	26,506
Team Nutrition Grants	10.574	8NV300014/201616N350330	131,895	50,845
Senior Farmers Market Nutrition Program	10.576	7NV810AG2/201818Y831347	77,403	75,000
Senior Farmers Market Nutrition Program	10.576	7NV810AG2/201818Y831447	2,455	-
Senior Farmers Market Nutrition Program	10.576	7NV810AG2/201919Y831347	50,942	50,000
Senior Farmers Market Nutrition Program	10.576	7NV810AG2/201919Y831447	7,401	-
			138,201	125,000
WIC Grants to States (WGS)	10.578	7NV700NV6-20142147	951,773	258,894

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Child Nutrition Discretionary Grants Limited Availability	10.579	177NVAG7N8103	\$ 159,548	\$ 150,959
Child Nutrition Discretionary Grants Limited Availability	10.579	7NV300AG7/177NVAG7N8103	45,596	43,233
Child Nutrition Discretionary Grants Limited Availability	10.579	7NV310NV8-2018L347	636,750	-
Child Nutrition Discretionary Grants Limited Availability	10.579	8NV310154/201611L180330	66,240	-
Child Nutrition Discretionary Grants Limited Availability	10.579	8NV310157-2018L330	143,368	-
Child Nutrition Discretionary Grants Limited Availability	10.579	8NV350000-20153313	228,040	-
			1,279,542	194,192
Fresh Fruit and Vegetable Program	10.582	7NV310AG1/201818L160347	278,774	266,586
Fresh Fruit and Vegetable Program	10.582	7NV310AG1/201918L160347	1,919,001	1,822,271
			2,197,775	2,088,857
Cooperative Forestry Assistance	10.664	13-DG-11046000-608	223,630	223,630
Cooperative Forestry Assistance	10.664	14-DG-11046000-611	449,102	74,185
Cooperative Forestry Assistance	10.664	14-DG-11046000-614	245,344	-
Cooperative Forestry Assistance	10.664	15-DG-11046000-611	344,741	-
Cooperative Forestry Assistance	10.664	15-DG-11046000-612	29,319	-
Cooperative Forestry Assistance	10.664	16-DG-11046000-606	458,842	22,182
Cooperative Forestry Assistance	10.664	16-DG-11046000-609	146,726	39,579
Cooperative Forestry Assistance	10.664	16-DG-11046000-613	31,454	-
Cooperative Forestry Assistance	10.664	17-DG-11046000-611	224,725	22,547
Cooperative Forestry Assistance	10.664	17-DG-11046000-618	71,829	69,083
Cooperative Forestry Assistance	10.664	18-DG-11046000-614	202,280	-
			2,427,992	451,206
Forest Products Lab: Technology Marketing Unit (TMU)	10.674	18-DG-11046000-619	20,000	-
Forest Legacy Program	10.676	15-DG-11046000-608	7,904	-
Forest Legacy Program	10.676	16-DG-11046000-601	11,286	-
Forest Legacy Program	10.676	17-DG-11046000-600	4,238	-
			23,428	-
Forest Health Protection	10.680	16-DG-11046000-610	49,773	49,773
Forest Health Protection	10.680	17-DG-11046000-601	187,249	172,932
Forest Health Protection	10.680	17-DG-11046000-614	9,065	-
Forest Health Protection	10.680	17-DG-11046000-616	4,470	-
Forest Health Protection	10.680	18-DG-11046000-603	44,013	-
Forest Health Protection	10.680	18-DG-11046000-611	19,418	-
			313,988	222,705

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

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	\$ 17,553	\$ -
Good Neighbor Authority	10.691	17-GN-11041730-043	22,135	-
			39,688	-
State & Private Forestry Hazardous Fuel Reduction Program	10.697	18-DG-11046000-606	70,130	-
Soil and Water Conservation	10.902	NR189327XXXXC001	38,852	-
Environmental Quality Incentives Program	10.912	68-9327-17-004	15,180	15,180
Agricultural Statistics Reports	10.950	58-3AEU-6-0040	5,000	-
Total Department of Agriculture			902,313,538	221,868,920
Department of Commerce				
State and Local Implementation Grant Program	11.549	32-10-S18032	128,437	-
Total Department of Commerce			128,437	-
Department of Defense				
Procurement Technical Assistance for Business Firms	12.002	SP4800-17-2-1724	52,562	-
Procurement Technical Assistance for Business Firms	12.002	SP4800-18-2-1824	501,670	-
			554,232	-
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113	W912DY-18-2-0230	467,071	-
EASE 2.0	12.219	H98210-13-1-0006	49,162	-
Military Construction, National Guard	12.400	W9124X-15-2-2001	4,892	-
Military Construction, National Guard	12.400	W9124X-16-2-2001	9,581,746	-
			9,586,638	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-10-2-1001	2,799,120	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-15-2-1001	814,330	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-15-2-1002	925	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1001	8,291,712	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1002	520,446	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1003	1,528,814	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1004	186,646	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1005	1,040,187	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1010	104,620	-

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

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-16-2-1011	\$ 100,500	\$ -
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1014	78,905	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1021	1,066,792	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1023	472,164	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1024	1,476,614	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1040	346,151	-
			18,827,926	-
Total Department of Defense			29,485,029	-
Department of Housing and Urban Development				
Community Development Block Grants/State's Program	14.228	B-08-MN-32-0001	1,015	-
Community Development Block Grants/State's Program	14.228	B-14-DC-32-0001	10,375	10,375
Community Development Block Grants/State's Program	14.228	B-15-DC-32-0001	34,338	34,338
Community Development Block Grants/State's Program	14.228	B-16-DC-32-0001	69,226	61,557
Community Development Block Grants/State's Program	14.228	B-17-DC-32-0001	1,351,508	1,343,952
Community Development Block Grants/State's Program	14.228	B-18-DC-32-0001	378,037	212,376
			1,844,499	1,662,598
Emergency Solutions Grants Program	14.231	E-17-DC-32-0001	133,679	131,035
Emergency Solutions Grants Program	14.231	E-18-DC-32-0001	286,574	260,516
Emergency Solutions Grants Program	14.231	E16-DC-32-0001	7,032	7,032
			427,285	398,583
Home Investment Partnerships Program	14.239	M12-SG320100	140,869	140,869
Home Investment Partnerships Program	14.239	M13-SG320100	96,614	12,901
Home Investment Partnerships Program	14.239	M14-SG320100	459,524	233,923
Home Investment Partnerships Program	14.239	M15-SG320100	91,315	36,478
Home Investment Partnerships Program	14.239	M16-SG320100	1,498,460	1,498,460
Home Investment Partnerships Program	14.239	M17-SG320100	1,531,790	1,531,790
Home Investment Partnerships Program	14.239	M18-SG320100	251,223	251,223
			4,069,795	3,705,644
Housing Opportunities for Persons with AIDS	14.241	NVH16F999	3,548	-
Housing Opportunities for Persons with AIDS	14.241	NVH17-F999	24,277	24,277
Housing Opportunities for Persons with AIDS	14.241	NVH18-F999	294,445	292,602
			322,270	316,879
Continuum of Care Program	14.267	NV0018L9T011609	140	140
Continuum of Care Program	14.267	NV0005L9T001710	911,997	-
Continuum of Care Program	14.267	NV0005L9T001811	297,095	-

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Continuum of Care Program	14.267	NV0018L9T011710	\$ 255,484	\$ -
Continuum of Care Program	14.267	NV0023L9T021608	41,818	41,818
Continuum of Care Program	14.267	NV0023L9T021709	102,902	102,902
Continuum of Care Program	14.267	NV0060L9T001604	104,110	-
Continuum of Care Program	14.267	NV0075L9T001602	12,044	-
Continuum of Care Program	14.267	NV0097L9T021500	19,249	19,249
			1,744,839	164,109
Housing Trust Fund	14.275	F16-SG320100	2,306,821	2,227,200
Housing Trust Fund	14.275	F17-SG320100	1,452,023	1,452,023
			3,758,844	3,679,223
Total Department of Housing and Urban Development			12,167,532	9,927,036
Department of the Interior				
Fish and Wildlife CLUSTER				
Sport Fish Restoration	15.605	F14AF00494	522,180	-
Sport Fish Restoration	15.605	F14AF01085	86,275	-
Sport Fish Restoration	15.605	F15AF00465	700,000	-
Sport Fish Restoration	15.605	F17AF00003	6	-
Sport Fish Restoration	15.605	F17AF00333	550	550
Sport Fish Restoration	15.605	F17AF00335	1,962	-
Sport Fish Restoration	15.605	F17AF00336	2,287	-
Sport Fish Restoration	15.605	F17AF00340	121,613	-
Sport Fish Restoration	15.605	F18AF00351	1,835,621	-
Sport Fish Restoration	15.605	F18AF00352	321,731	-
Sport Fish Restoration	15.605	F18AF00353	2,070,358	-
Sport Fish Restoration	15.605	F18AF00355	298,831	49,002
Sport Fish Restoration	15.605	F18AF00356	42,685	650
Sport Fish Restoration	15.605	F18AF00357	23,427	-
Sport Fish Restoration	15.605	F18AF01067	267,420	-
Sport Fish Restoration	15.605	F18AF01174	2,256	-
			6,297,202	50,202
Wildlife Restoration and Basic Hunter Education	15.611	F17AF00330	175,386	175,386
Wildlife Restoration and Basic Hunter Education	15.611	F17AF00333	10,450	10,450
Wildlife Restoration and Basic Hunter Education	15.611	F17AF00342	498,294	293,326
Wildlife Restoration and Basic Hunter Education	15.611	F17AF00389	161,799	161,799
Wildlife Restoration and Basic Hunter Education	15.611	F17AF00482	107,998	107,998

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Wildlife Restoration and Basic Hunter Education	15.611	F17AF00623	\$ 103,238	\$ -
Wildlife Restoration and Basic Hunter Education	15.611	F18AF00355	1,411,704	231,488
Wildlife Restoration and Basic Hunter Education	15.611	F18AF00356	811,014	12,350
Wildlife Restoration and Basic Hunter Education	15.611	F18AF00357	44,044	-
Wildlife Restoration and Basic Hunter Education	15.611	F18AF00358	4,700,363	467,918
Wildlife Restoration and Basic Hunter Education	15.611	F18AF00359	2,211,750	-
Wildlife Restoration and Basic Hunter Education	15.611	F18AF00361	917,047	-
Wildlife Restoration and Basic Hunter Education	15.611	F18AF00362	1,126,159	-
Wildlife Restoration and Basic Hunter Education	15.611	F18AF00363	158,408	-
Wildlife Restoration and Basic Hunter Education	15.611	F18AF00364	330,431	-
Wildlife Restoration and Basic Hunter Education	15.611	F18AF00568	489,467	-
Wildlife Restoration and Basic Hunter Education	15.611	F18AF00569	2,122,799	894,692
Wildlife Restoration and Basic Hunter Education	15.611	F18AF00944	111,969	111,969
			15,492,320	2,467,376
Hunter Education and Safety Program	15.626	F18AF00361	80,080	-
Total Fish and Wildlife CLUSTER			21,869,602	2,517,578
Cultural Resource Management	15.224	L16AC00011	30,389	-
Cultural Resource Management	15.224	L17AC00033	25,828	-
Cultural Resource Management	15.224	L18AC00015	18,366	-
			74,583	-
Distribution of Receipts to State and Local Governments	15.227	OIL AND GAS LEASE DISTRIBUTION	92,028	92,028
Distribution of Receipts to State and Local Governments	15.227	TAYLOR GRAZING	279,409	279,409
			371,437	371,437
Fish, Wildlife and Plant Conservation Resource Management	15.231	L15AC00070	493,079	-
Fish, Wildlife and Plant Conservation Resource Management	15.231	L15AC00076	127,823	-
Fish, Wildlife and Plant Conservation Resource Management	15.231	L15AC00077	146,218	-
Fish, Wildlife and Plant Conservation Resource Management	15.231	L15AC00078	139,238	-
			906,358	-
Forests and Woodlands Resource Management	15.233	L15AC00102	86,928	-
Southern Nevada Public Land Management Act	15.235	L16AC00040	992	-
Southern Nevada Public Land Management Act	15.235	L17AC00066	36,926	-
			37,918	-
Environmental Quality and Protection Resource Management	15.236	L16AC00066	130,475	-

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Plant Conservation and Restoration Management	15.245	L15AC00070	\$ 82,503	\$ -
Minerals Leasing Act	15.437	MINERAL LEASES	5,068,174	615,546
Water Reclamation and Reuse Program	15.504	R14AP00015	7,846	-
Providing Water to At-Risk Natural Desert Terminal Lakes	15.508	2010-0059-301	13,513	-
Providing Water to At-Risk Natural Desert Terminal Lakes	15.508	20100059403	9,780	-
Providing Water to At-Risk Natural Desert Terminal Lakes	15.508	R13AP20030	252,497	-
Providing Water to At-Risk Natural Desert Terminal Lakes	15.508	R15AP00035	69,445	-
			345,235	-
Fish and Wildlife Coordination Act	15.517	R17AP000025	66,900	-
Fish and Wildlife Coordination Act	15.517	R19AC00010	97,458	-
			164,358	-
Lower Colorado River Multi-Species Conservation Program	15.538	R14AC00106	118,717	-
Fish and Wildlife Management Assistance	15.608	F13AC00274	52,854	-
Fish and Wildlife Management Assistance	15.608	F14AC00418	129,079	-
Fish and Wildlife Management Assistance	15.608	F15AC00758	5,000	-
Fish and Wildlife Management Assistance	15.608	F16AC00257	600	-
Fish and Wildlife Management Assistance	15.608	F17AC00701	28,184	-
Fish and Wildlife Management Assistance	15.608	F17AP00916	101,762	-
Fish and Wildlife Management Assistance	15.608	F18AC00084	16,978	-
Fish and Wildlife Management Assistance	15.608	F18AP00831	163,335	-
			497,792	-
Cooperative Endangered Species Conservation Fund	15.615	F16AP00571	38,072	-
Cooperative Endangered Species Conservation Fund	15.615	F17AP00374	11,087	-
Cooperative Endangered Species Conservation Fund	15.615	F17AP00375	1,342	-
Cooperative Endangered Species Conservation Fund	15.615	F17AP00376	13,296	-
Cooperative Endangered Species Conservation Fund	15.615	F18AP00643	9,462	-
Cooperative Endangered Species Conservation Fund	15.615	F18AP00644	62,999	-
Cooperative Endangered Species Conservation Fund	15.615	F18AP00645	11,936	-
Cooperative Endangered Species Conservation Fund	15.615	F18AP00646	25,421	-
Cooperative Endangered Species Conservation Fund	15.615	F18AP00647	19,279	-
Cooperative Endangered Species Conservation Fund	15.615	F18AP00648	62,629	-

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

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	F18AP00714	\$ 1,615	\$ -
			257,138	-
Partners for Fish and Wildlife	15.631	F17AC00609	914	-
State Wildlife Grants	15.634	F18AF00348	206,000	-
State Wildlife Grants	15.634	F18AF00357	5,614	-
State Wildlife Grants	15.634	F18AF00567	489,834	-
State Wildlife Grants	15.634	F18AP00884	306	-
			701,754	-
Endangered Species Conservation - Recovery Implementation Funds	15.657	F17AP00985	13,610	-
Endangered Species Conservation - Recovery Implementation Funds	15.657	F18AP00432	29,964	-
			43,574	-
Adaptive Science	15.670	F19AP00002	73,363	-
Historic Preservation Fund Grants-In-Aid	15.904	P17AF00019	108,734	80,000
Historic Preservation Fund Grants-In-Aid	15.904	P18AF00028	597,847	22,359
Historic Preservation Fund Grants-In-Aid	15.904	P19AF00007	78,986	-
			785,567	102,359
Natural Resource Stewardship	15.944	P14AC01675	165,578	-
Natural Resource Stewardship	15.944	P17AC01700	51,083	-
			216,661	-
Water Use and Data Research	15.981	G17AC00323	27,871	-
Total Department of the Interior			31,868,768	3,606,920
Department of Justice				
Sexual Assault Services Formula Program	16.017	2017-KF-AX-0022	100,245	98,950
Sexual Assault Services Formula Program	16.017	2018-KF-AX-0034	287,600	268,454
			387,845	367,404
Crime Victim Assistance/Discretionary Grants	16.321	2019-V7-GX-0001	217,956	-
Enhanced Training and Services to End Violence and Abuse of Women Later In Life	16.528	2016-EW-AX-K008	244,885	173,323

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Juvenile Justice and Delinquency Prevention_Allocation to States	16.540	2016-JF-FX-0060	\$ 133,247	\$ -
Juvenile Justice and Delinquency Prevention_Allocation to States	16.540	2017-JF-FX-0048	139,562	122,812
Juvenile Justice and Delinquency Prevention_Allocation to States	16.540	2017-JF-FX-0080	6,591	-
			279,400	122,812
National Criminal History Improvement Program (NCHIP)	16.554	2017-RU-BX-K024	454,439	-
Crime Victim Assistance	16.575	2015-VA-GX-0024	158,975	158,975
Crime Victim Assistance	16.575	2016-VA-GX-0076	4,291,796	4,283,443
Crime Victim Assistance	16.575	2017-VA-GX-0085	8,763,800	7,895,592
			13,214,571	12,338,010
Crime Victim Compensation	16.576	2018-V1-GX-0015	1,068,000	-
Crime Victim Assistance/Discretionary Grants	16.582	2015-VF-GX-0023	47,981	2,675
Violence Against Women Formula Grants	16.588	2017-WF-AX-0026	65,908	65,908
Violence Against Women Formula Grants	16.588	2018-WF-AX-0004	1,260,881	1,092,402
			1,326,789	1,158,310
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589	2016-WR-AX-0046	139,937	39,571
Grants to Encourage Arrest Policies	16.590	2018-WE-AX-0023	24,228	-
Residential Substance Abuse Treatment for State Prisoners	16.593	2014-RT-BX-0034	9,546	-
Residential Substance Abuse Treatment for State Prisoners	16.593	2015-RT-BX-0029	68,112	-
			77,658	-
State Criminal Alien Assistance Program	16.606	2019-AP-BX-0224	1,037,016	-
Special Data Collections and Statistical Studies	16.734	2015-R2-CX-K043	689,165	211,609
PREA Program: Demonstration Projects to Establish Zero Tolerance" Cultures for Sexual Assault in Correctional Facilities"	16.735	2014-JF-FX-0144	2,864	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-MU-BX-1065	26,836	26,836
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-MU-BX-0543	234,255	1,915
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-MU-BX-0157	1,541,632	1,212,075

STATE OF NEVADA
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FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-MU-BX-0216	\$ 521,152	\$ 430,674
			2,323,875	1,671,500
DNA Backlog Reduction Program	16.741	2016-DN-BX-K011	291,333	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2017-CD-BX-0028	57,705	51,296
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2018-CD-BX-0045	32,056	27,219
			89,761	78,515
Support for Adam Walsh Act Implementation Grant Program	16.750	2017-AW-BX-0035	66,949	-
Support for Adam Walsh Act Implementation Grant Program	16.750	2018-AW-BX-0003	6,799	-
			73,748	-
Edward Byrne Memorial Competitive Grant Program	16.751	2017-XT-BX-0007	9,417	-
Second Chance Act Prisoner Reentry Initiative	16.812	2016-CZ-BX-0015	686,615	-
Second Chance Act Prisoner Reentry Initiative	16.812	2018-RQ-BX-0009	24,216	-
			710,831	-
NICS Act Record Improvement Program	16.813	2017-NS-BX-K007	346,930	-
John R. Justice Prosecutors and Defenders Incentive Act	16.816	2017-RJ-BX-0036	1,098	-
John R. Justice Prosecutors and Defenders Incentive Act	16.816	2018-RJ-BX-0040	36,422	-
			37,520	-
Emergency Law Enforcement Assistance Grant	16.824	2018-DG-BX-0001	1,992,214	1,957,674
National Sexual Assault Kit Initiative	16.833	2015-AK-BX-K005	1,098,235	1,022,493
National Sexual Assault Kit Initiative	16.833	2016-AK-BX-K004	830,014	768,910
National Sexual Assault Kit Initiative	16.833	2017-AK-BX-0017	52,872	-
National Sexual Assault Kit Initiative	16.833	2018-AK-BX-0005	149	-
			1,981,270	1,791,403
Equitable Sharing Program	16.922	DOT EQUITABLE DISTRIBUTION EXP	50,294	-
Equitable Sharing Program	16.922	DPS FEDERAL FORFEITURES	1,364,469	-
Equitable Sharing Program	16.922	Justice Forfeiture Gaming	25,824	-
			1,440,587	-
Total Department of Justice			28,510,220	19,912,806

STATE OF NEVADA
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FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Department of Labor				
Employment Service CLUSTER				
Employment Service/Wagner-Peyser Funded Activities	17.207	ES-31005-17-55-A-32	\$ 1,234,584	\$ -
Employment Service/Wagner-Peyser Funded Activities	17.207	ES-31860-18-55-A-32	6,043,211	-
Employment Service/Wagner-Peyser Funded Activities	17.207	MI-32229-18-60-A-32	6,575	-
			7,284,370	-
Disabled Veterans' Outreach Program (DVOP)	17.801	DV-31431-18-55-5-32	717,526	-
Disabled Veterans' Outreach Program (DVOP)	17.801	DV-32902-19-55-5-32	1,422,676	-
			2,140,202	-
Total Employment Service CLUSTER			9,424,572	-
WIOA CLUSTER				
WIOA Adult Program	17.258	AA-28335-16-55-A-32	88,111	-
WIOA Adult Program	17.258	AA-30799-17-55-A-32	964,349	677,563
WIOA Adult Program	17.258	AA-32217-18-55-A-32	6,324,917	6,324,917
			7,377,377	7,002,480
WIOA Youth Activities	17.259	AA-30799-17-55-A-32	4,063,777	3,768,420
WIOA Youth Activities	17.259	AA-32217-18-55-A-32	5,627,840	5,307,849
			9,691,617	9,076,269
WIOA Dislocated Worker Formula Grants	17.278	AA-28335-16-55-A-32	2,843,341	999,963
WIOA Dislocated Worker Formula Grants	17.278	AA-30799-17-55-A-32	8,491,659	7,153,656
WIOA Dislocated Worker Formula Grants	17.278	AA-32217-18-55-A-32	1,680,658	1,671,928
			13,015,658	9,825,547
Total WIOA CLUSTER			30,084,652	25,904,296
Labor Force Statistics	17.002	LM-30537-18-75-J-32	207,093	-
Labor Force Statistics	17.002	LM-31925-19-75-J-32	572,732	-
			779,825	-
Compensation and Working Conditions	17.005	OS-30580-18-75-J-32	16,847	-
Compensation and Working Conditions	17.005	OS-31908-19-75-J-32	60,631	-
			77,478	-
Unemployment Insurance	17.225	UI Trust Fund	281,275,868	-
Unemployment Insurance	17.225	UI-31310-18-55-A-32	6,546,065	-
Unemployment Insurance	17.225	UI-31521-18-60-A-32	689,602	-
Unemployment Insurance	17.225	UI-32612-19-55-A-32	17,472,866	-

STATE OF NEVADA
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FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Unemployment Insurance	17.225	UI-32715-19-55-A-32	\$ 3,468	\$ -
Unemployment Insurance	17.225	UI-32858-19-60-A-32	1,726,486	-
			307,714,355	-
Senior Community Service Employment Program	17.235	AD-30419-17-55-A-32	8,393	8,393
Senior Community Service Employment Program	17.235	AD-31770-18-55-A-32	305,236	292,721
			313,629	301,114
Trade Adjustment Assistance	17.245	TA-28068-16-55-A-32	3,034	-
Work Opportunity Tax Credit Program (WOTC)	17.271	WT-31557-18-55-A-32	85,951	-
Work Opportunity Tax Credit Program (WOTC)	17.271	WT-32779-19-55-A-32	31,527	-
			117,478	-
Temporary Labor Certification for Foreign Workers	17.273	FL-31657-18-55-A-32	67,951	-
Workforce Investment Act (WIA) National Emergency	17.277	DW-29791-16-60-A-32	701,212	-
Apprenticeship USA Grants	17.285	AP-29167-16-55-A-32	45,779	-
Apprenticeship USA Grants	17.285	AP-30083-16-60-A-32	231,584	-
			277,363	-
Occupational Safety and Health_State Program	17.503	SP-35013-SP8	50,098	-
Occupational Safety and Health_State Program	17.503	SP-35113-SP9	1,486,600	-
			1,536,698	-
Consultation Agreements	17.504	CS-30029-CS8	162,045	-
Consultation Agreements	17.504	CS-31029-CS9	625,200	-
			787,245	-
Mine Health and Safety Grants	17.600	MS-03201-19-55-R-32	387,174	-
Mine Health and Safety Grants	17.600	MS-05058-18-55-R-32	14,885	-
			402,059	-
Total Department of Labor			352,287,551	26,205,410
Department of Transportation				
Federal Transit CLUSTER				
Bus and Bus Facilities Formula Program	20.526	NV-2017-017-18-00	112,612	112,612
Bus and Bus Facilities Formula Program	20.526	NV-2017-017-19-00	253,207	253,207
Bus and Bus Facilities Formula Program	20.526	NV-2017-017-20-00	384,020	384,020
Bus and Bus Facilities Formula Program	20.526	NV-2017-017-21-00	8,200	6,560
Bus and Bus Facilities Formula Program	20.526	NV-2017-017-24-00	3,875	3,100

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Bus and Bus Facilities Formula Program	20.526	NV-2018-009-00	\$ 308,022	\$ 307,222
Bus and Bus Facilities Formula Program	20.526	NV-34-0006	15,666	12,533
Total Federal Transit CLUSTER			1,085,602	1,079,254
Highway Planning and Construction CLUSTER				
Highway Planning and Construction	20.205	20205	356,378,790	60,026,132
Recreational Trails Program	20.219	NRTP-010	25,560	-
Recreational Trails Program	20.219	NRTP-011	108,319	-
Recreational Trails Program	20.219	NRTP-012	243,025	221,585
Recreational Trails Program	20.219	NRTP-013	215,071	109,048
Recreational Trails Program	20.219	NRTP-014	467,493	467,493
Recreational Trails Program	20.219	NRTP-015	598,910	566,536
Recreational Trails Program	20.219	NRTP-016	582,567	512,327
			2,240,945	1,876,989
Total Highway Planning and Construction CLUSTER			358,619,735	61,903,121
Highway Safety CLUSTER				
State and Community Highway Safety	20.600	20600	266,489	239,390
State and Community Highway Safety	20.600	69A37518300004020NV0	1,673,059	655,698
			1,939,548	895,088
National Priority Safety Programs	20.616	20616	853,619	485,006
National Priority Safety Programs	20.616	69A3751830000405BNVL	32,928	6,451
National Priority Safety Programs	20.616	69A3751830000405DNVM	915,564	429,016
National Priority Safety Programs	20.616	69A3751830000405HNVO	214,526	157,037
National Priority Safety Programs	20.616	69A3751930000405HNVO	8,492	5,481
National Priority Safety Programs	20.616	MAP21 405C DATA	75,525	23,335
National Priority Safety Programs	20.616	MAP21 405F MOTORCYCLE	29,877	-
			2,130,531	1,106,326
Total Highway Safety CLUSTER			4,070,079	2,001,414
Transit Services Programs CLUSTER				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NV-16-0038	53,097	53,097
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NV-16-X002	69,170	69,170
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NV-2017-016-03-00	62,310	62,310
Total Transit Services Programs CLUSTER			184,577	184,577

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Airport Improvement Program	20.106	3-32-0000-010-2017	\$ 118,327	\$ -
Airport Improvement Program	20.106	AIRPORT IMPROVEMENT PROGRAM-4	4,550	-
			122,877	-
National Motor Carrier Safety	20.218	FM-MCG-0340-17	396,999	-
National Motor Carrier Safety	20.218	FM-MCG-0399-18	1,794,224	-
			2,191,223	-
Performance and Registration Information Systems Management	20.231	FM-PZG-0061-15-01-00	13,667	-
Commercial Vehicle Information Systems and Networks	20.237	69A3601840058MHP0NV	25,000	-
Commercial Vehicle Information Systems and Networks	20.237	FM-CVN-0094-15-01-00	108,224	-
Commercial Vehicle Information Systems and Networks	20.237	FM-MHP-0285-17	265,162	-
			398,386	-
Fuel Tax Evasion_Intergovernmental Enforcement Effort	20.240	FTE1601	11,660	-
Federal Transit_Metropolitan Planning Grants	20.505	NV-80-0015-01	37,111	37,111
Federal Transit_Metropolitan Planning Grants	20.505	NV-80-0018-01	124,345	124,345
			161,456	161,456
Formula Grants for Other Than Urbanized Areas	20.509	NV-18-X032	131,322	79,943
Formula Grants for Other Than Urbanized Areas	20.509	NV-18-X035	186,113	167,909
Formula Grants for Other Than Urbanized Areas	20.509	NV-18-X038	16,906	14,189
Formula Grants for Other Than Urbanized Areas	20.509	NV-18-X039	5,044	4,997
Formula Grants for Other Than Urbanized Areas	20.509	NV-2016-012-00	931,082	931,082
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-01-00	97,255	77,551
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-02-00	194,013	142,309
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-03-00	247,642	192,013
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-04-00	38,261	37,099
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-05-00	10,825	9,773
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-06-00	93,064	76,121
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-07-00	22,765	18,788
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-08-00	25,754	18,404
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-09-00	68,116	64,710
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-10-00	37,392	35,971
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-11-00	57,327	39,240
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-12-00	137,708	100,260
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-14-00	1,101,189	834,374

STATE OF NEVADA
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FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-15-00	\$ 783,849	\$ 627,830
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-16-00	1,049	975
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-17-00	40,320	27,974
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-27-00	2,044	2,008
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-28-00	113,979	-
Formula Grants for Other Than Urbanized Areas	20.509	NV-2017-017-29-00	1,301	1,301
Formula Grants for Other Than Urbanized Areas	20.509	NV-2018-014-00	3,479,262	2,245,598
			7,823,582	5,750,419
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	20.614	DTNH2217H00149	73,182	-
Pipeline Safety	20.700	693JK31830027PSBG	613,754	-
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	HM-HMP-0550-16-01-00	139,782	107,971
PHMSA Pipeline Safety Program One Call Grant	20.721	693JK31840018PSOC	44,634	-
Total Department of Transportation			375,554,196	71,188,212
Department of Treasury				
National Foreclosure Mitigation Counseling Program	21.000	PL114-113X1350	4,739	4,478
Equitable Sharing	21.016	EQUITABLE SHARING US TREASURY	466,761	-
Equitable Sharing	21.016	US TREASURY FORFEITURE GAMING	917,623	-
			1,384,384	-
Total Department of Treasury			1,389,123	4,478
National Foundation on the Arts and the Humanities				
Promotion of the Arts_Partnership Agreements	45.025	17-6100-2047	35,584	35,584
Promotion of the Arts_Partnership Agreements	45.025	1809902-61-18	651,355	327,629
			686,939	363,213
Grants to States	45.310	LS-00-17-0029-17	661,785	361,393
Grants to States	45.310	LS-00-18-0029-18	1,355,252	387,793
			2,017,037	749,186
Total National Foundation on the Arts and the Humanities			2,703,976	1,112,399

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Small Business Administration				
STATE TRADE AND EXPORT PROMOTION PILOT GRANT PROGRAM	59.061	SBAHQ-17-IT-0025	\$ 86,290	\$ 81,578
STATE TRADE AND EXPORT PROMOTION PILOT GRANT PROGRAM	59.061	SBAHQ18IT0015	17,457	17,457
Total Small Business Administration			103,747	99,035
Department of Veterans Affairs				
Grants to States for Construction of State Home Facilities	64.005	FAI 32-003	32,894,268	-
Grants to States for Construction of State Home Facilities	64.005	FAI 32-005	27,094	-
			32,921,362	-
VA Grants for Adaptive Sports Programs for Disabled Veterans and Disabled Members of the Armed Forces	64.034	2018-ASG-55	12,088	1,212
VA Grants for Adaptive Sports Programs for Disabled Veterans and Disabled Members of the Armed Forces	64.034	2019-ASG-55	27,115	5,105
			39,203	6,317
Veterans Transportation Program	64.035	702-2017-HRTG-004	38,433	38,433
Veterans Transportation Program	64.035	702-2018-HRTG-015	54,237	54,237
			92,670	92,670
Total Department of Veterans Affairs			33,053,235	98,987
Environmental Protection Agency				
Clean Water State Revolving Fund Cluster CLUSTER				
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-32000118	4,137,781	-
Total Clean Water State Revolving Fund Cluster CLUSTER			4,137,781	-
Drinking Water State Revolving Fund Cluster CLUSTER				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	FS-99996016-0	401,114	18,208
Capitalization Grants for Drinking Water State Revolving Funds	66.468	FS-99996017-0	6,478,336	-
Capitalization Grants for Drinking Water State Revolving Funds	66.468	FS99996018	9,382,844	-
Total Drinking Water State Revolving Fund Cluster CLUSTER			16,262,294	18,208
State Indoor Radon Grants	66.032	K1-96963518-0	47,562	47,562
State Indoor Radon Grants	66.032	K1-96963519-0	182,028	172,012
			229,590	219,574
State Clean Diesel Grant Program	66.040	99T62001	308,892	-
State Clean Diesel Grant Program	66.040	DS-99T26301	67,606	-
			376,498	-
Multipurpose Grants to States and Tribes	66.204	AA-99T60401	26,713	-
Water Pollution Control_State and Interstate Program Support	66.419	I-00T20616	64,678	5,054

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Water Pollution Control_State and Interstate Program Support	66.419	I-00T20617	\$ 36,181	\$ -
Water Pollution Control_State and Interstate Program Support	66.419	I-00T20618	81,282	-
Water Pollution Control_State and Interstate Program Support	66.419	I-97933616	671,031	139,093
Water Pollution Control_State and Interstate Program Support	66.419	I-97933716	178,007	-
			1,031,179	144,147
State Public Water System Supervision	66.432	F-00910516	1,173,935	96,152
State Underground Water Source Protection	66.433	G-00945619	77,000	-
Water Quality Management Planning	66.454	C6-97965915	11,569	11,569
Water Quality Management Planning	66.454	C6-97965916	40,000	40,000
Water Quality Management Planning	66.454	C6-97965917	23,990	23,990
Water Quality Management Planning	66.454	C6-97965919	60,160	160
Water Quality Management Planning	66.454	C697965918	9,702	9,702
			145,421	85,421
Nonpoint Source Implementation Grants	66.460	C9-97908114	14,842	14,842
Nonpoint Source Implementation Grants	66.460	C9-97908115	110,577	84,643
Nonpoint Source Implementation Grants	66.460	C9-97908116	291,914	201,528
Nonpoint Source Implementation Grants	66.460	C9-97908117	270,732	194,564
Nonpoint Source Implementation Grants	66.460	C9-97908118	677,179	115,784
Nonpoint Source Implementation Grants	66.460	C9-97908119	13,455	-
			1,378,699	611,361
Performance Partnership Grants	66.605	BG-00T87017-07	343,820	3,978
Performance Partnership Grants	66.605	BG-97958818	1,400,597	-
			1,744,417	3,978
Environmental Information Exchange Network Grant Program and Related Assistance	66.608	OS-83653001-0	3,307	-
Environmental Information Exchange Network Grant Program and Related Assistance	66.608	OS-83921901-0	224,371	-
			227,678	-
Superfund State, Political Subdivision, and Indian Tribe Site_Specific Cooperative Agreements	66.802	V-99T28801	137,081	-
Superfund State, Political Subdivision, and Indian Tribe Site_Specific Cooperative Agreements	66.802	V-99T41401	92,705	-
			229,786	-
Underground Storage Tank Prevention, Detection and Compliance Program	66.804	L-99T10501-0	321,000	-

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FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Leaking Underground Storage Tank Trust Fund Program	66.805	LS-99T10401-0	\$ 595,734	\$ -
State and Tribal Response Program Grants	66.817	RP-99T41601	537,525	-
Total Environmental Protection Agency			28,495,250	1,178,841
Department of Energy				
State Energy Program	81.041	DE-EE0006992	302,751	302,751
State Energy Program	81.041	DE-EE0008290	373,334	-
ARRA - State Energy Program	81.041A	DE-EE-0000084	5,601	-
			681,686	302,751
Weatherization Assistance for Low-Income Persons	81.042	DE-EE0007934	774,658	691,486
Office of Environmental Waste Processing	81.104	DE-EM0004215	2,586,328	-
Office of Environmental Waste Processing	81.104	DE-NA0003294	627,735	-
Office of Environmental Waste Processing	81.104	DE-NA0003295	474,338	-
Office of Environmental Waste Processing	81.104	DE-NA0003296	523,088	501,638
			4,211,489	501,638
Passed Through Western Governor's Association				
Transport of Transuranic Wastes to the WIPP	81.106	DE-EM0001204	7,583	-
Total Department of Energy			5,675,416	1,495,875
Department of Education				
Special Education CLUSTER				
Special Education_Grants to States	84.027	H027A160043	4,342,490	4,190,912
Special Education_Grants to States	84.027	H027A170043	26,911,036	25,142,277
Special Education_Grants to States	84.027	H027A180043	49,228,056	49,198,314
			80,481,582	78,531,503
Special Education_Preschool Grants	84.173	H173A160046	193,247	64,116
Special Education_Preschool Grants	84.173	H173A170046	773,072	713,453
Special Education_Preschool Grants	84.173	H173A180046	1,107,430	1,107,430
			2,073,749	1,884,999
Total Special Education CLUSTER			82,555,331	80,416,502
Adult Education_State Grant Program	84.002	V002A160029	200,924	127,371
Adult Education_State Grant Program	84.002	V002A170029	3,266,555	2,985,301
Adult Education_State Grant Program	84.002	V002A180029	3,301,925	2,615,487
			6,769,404	5,728,159

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Title I Grants to Local Educational Agencies	84.010	S010A160028	\$ 7,006	\$ 7,006
Title I Grants to Local Educational Agencies	84.010	S010A170028	60,302,080	59,268,221
Title I Grants to Local Educational Agencies	84.010	S010A180028	77,353,364	77,187,407
			137,662,450	136,462,634
Migrant Education_State Grant Program	84.011	S011A160028	63,868	22,010
Migrant Education_State Grant Program	84.011	S011A170028	157,846	45,530
Migrant Education_State Grant Program	84.011	S011A180028	89,441	66,419
			311,155	133,959
Title I Program for Neglected and Delinquent Children	84.013	S013A170028	450,874	386,650
Title I Program for Neglected and Delinquent Children	84.013	S013A180028	214,347	69,718
			665,221	456,368
Career and Technical Education_Basic Grants to States	84.048	V048A160028	886,831	879,465
Career and Technical Education_Basic Grants to States	84.048	V048A170028	4,013,405	3,785,938
Career and Technical Education_Basic Grants to States	84.048	V048A180028	6,751,237	5,568,654
			11,651,473	10,234,057
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	H126A180041	4,967,365	-
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	H126A190041	14,132,179	-
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	PROGRAM INCOME SSA19	854,941	-
			19,954,485	-
Migrant Education_Coordination Program	84.144	S144F160028	23,000	-
Migrant Education_Coordination Program	84.144	S144F170028	8,660	5,600
			31,660	5,600
Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind	84.177	H177B180028	53,221	-
Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind	84.177	H177B190028	164,021	-
			217,242	-
Special Education-Grants for Infants and Families	84.181	H181A170019	1,009,810	10,073
Special Education-Grants for Infants and Families	84.181	H181A180019	2,753,613	-
			3,763,423	10,073
Safe and Drug-Free Schools and Communities_National Programs	84.184	S184F140007	787,750	746,842
Safe and Drug-Free Schools and Communities_National Programs	84.184	S184F180007	5,060	-
			792,810	746,842
Supported Employment Services for Individuals with Severe Disabilities	84.187	H187A170042	29,984	-
Supported Employment Services for Individuals with Severe Disabilities	84.187	H187A190042	31,697	-

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FOR THE YEAR ENDED JUNE 30, 2019

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	H187B180042	\$ 12,787	\$ -
Supported Employment Services for Individuals with Severe Disabilities	84.187	H187B190042	14,782	-
			89,250	-
Education of Homeless Children and Youth	84.196	S196A170029	303,138	195,033
Education of Homeless Children and Youth	84.196	S196A180029	325,264	267,821
			628,402	462,854
Charter Schools	84.282	U282A150016	3,263,723	2,984,079
Twenty-First Century Community Learning Centers	84.287	S287C130028	14,673	14,673
Twenty-First Century Community Learning Centers	84.287	S287C160028	2,304,592	2,157,295
Twenty-First Century Community Learning Centers	84.287	S287C170028	7,651,930	7,168,189
Twenty-First Century Community Learning Centers	84.287	S287C180028	373,658	357,370
			10,344,853	9,697,527
Indian Education -- Special Programs for Indian Children	84.299	S299A170030	617,905	458,130
Special Education - State Personnel Development	84.323	H323A150012	733,034	504,999
Special Education-Personnel Development to Improve Services and Results for Children with Disabilities	84.325	H325A120003	15,729	-
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	P334S120028	3,864,478	3,341,295
Rural Education	84.358	S358B170028	15,914	15,914
Rural Education	84.358	S358B180028	101,252	99,627
			117,166	115,541
English Language Acquisition Grants	84.365	S365A160028	359,071	335,818
English Language Acquisition Grants	84.365	S365A170028	4,190,007	3,922,727
English Language Acquisition Grants	84.365	S365A180028	4,355,749	4,279,136
			8,904,827	8,537,681
Mathematics and Science Partnerships	84.366	S366B150029	18,807	18,807
Mathematics and Science Partnerships	84.366	S366B160029	418,111	416,169
			436,918	434,976

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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	S367A160027	\$ 325,723	\$ 282,360
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	S367A170027	8,368,902	8,001,389
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	S367A180027	3,109,465	3,106,014
			11,804,090	11,389,763
Grants for State Assessments and Related Activities	84.369	S369A170029	1,694,862	-
Grants for State Assessments and Related Activities	84.369	S369A180029	3,340,914	-
			5,035,776	-
School Improvement Grants	84.377	S377A130029	111,044	111,044
School Improvement Grants	84.377	S377A140029	1,892,043	1,818,063
School Improvement Grants	84.377	S377A150029	866,094	679,727
School Improvement Grants	84.377	S377A160029	33,523	-
			2,902,704	2,608,834
Preschool Development Grants	84.419	S419A150004-15A	12,068,619	11,205,499
Student Support and Academic Enrichment Program	84.424	S424A170029	1,867,172	1,795,955
Student Support and Academic Enrichment Program	84.424	S424A180029	4,291,542	4,104,103
			6,158,714	5,900,058
Total Department of Education			331,360,842	291,835,430
Election Assistance Commission				
2018 HAVA Election Security Grants	90.404	NV18101001	393,410	103,476
Total Election Assistance Commission			393,410	103,476
Department of Health and Human Services				
Aging CLUSTER				
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	17AANVT3SS	532,946	532,946
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	18AANVT3SS	1,820,203	1,648,713
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	1901NVOASS	331,510	-
			2,684,659	2,181,659
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	17AANVT3CM	35,887	35,887
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	17AANVT3HD	96,737	96,737
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	18AANVT3CM	1,567,339	1,343,647
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	18AANVT3HD	2,712,886	2,712,886
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	1901NVOACM	820,634	-

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	1901NVOAHD	\$ 422,200	\$ 422,200
			5,655,683	4,611,357
Nutrition Services Incentive Program	93.053	18AANVNSIP	1,090,074	1,090,074
Nutrition Services Incentive Program	93.053	1901NVOANS	712,269	712,269
Nutrition Services Incentive Program	93.053	Nutrition Services Incentive Program Commodities	34,675	34,675
			1,837,018	1,837,018
Total Aging CLUSTER			10,177,360	8,630,034
CCDF CLUSTER				
Child Care and Development Block Grant	93.575	G1701NVCCDF 2017G996005	3,775	3,775
Child Care and Development Block Grant	93.575	G1801NVCCDF 2018G996005	41,264,531	37,842,653
Child Care and Development Block Grant	93.575	G1901NVCCDD 2019G996005	11,154,077	9,116,533
			52,422,383	46,962,961
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G1801NVCCDF 2018G999004	387,063	387,063
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G1801NVCCDF 2018G999005	2,903,100	2,900,729
			3,290,163	3,287,792
Total CCDF CLUSTER			55,712,546	50,250,753
Medicaid CLUSTER				
State Medicaid Fraud Control Units	93.775	1801NV5050	406,649	-
State Medicaid Fraud Control Units	93.775	1901NV5050	1,296,997	-
			1,703,646	-
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	1805NV5000	397,851	38,588
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	1805NV5002	15,823	-
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	1905NV5000	1,349,424	77,175
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	1905NV5002	102,537	-
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	1905NVPACT	38,767	-
			1,904,402	115,763
Medical Assistance Program	93.778	1805NV5ADM	10,148,583	-
Medical Assistance Program	93.778	1805NVIMPL	737,266	-
Medical Assistance Program	93.778	1905NV5ADM	132,214,575	-
Medical Assistance Program	93.778	1905NV5MAP	3,035,117,443	-
Medical Assistance Program	93.778	1905NVIMPL	2,851,025	-

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FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Medical Assistance Program	93.778	1905NVINCT	\$ 1,874,250	\$ -
			3,182,943,142	-
Total Medicaid CLUSTER			3,186,551,190	115,763
TANF CLUSTER				
Temporary Assistance for Needy Families	93.558	1701NVTANF 2017G996115	453	453
Temporary Assistance for Needy Families	93.558	1801NVTANF 2018G996115	35,809,364	1,013,193
Temporary Assistance for Needy Families	93.558	1901NVTANF 2019G996115	7,221,136	7,221,136
Temporary Assistance for Needy Families	93.558	G-1801NVTAN3 2018G9915TC	4,870,939	-
Total TANF CLUSTER			47,901,892	8,234,782
Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	18AANVT7EA	15,175	2,292
Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	1901NVOAEA	20,619	-
			35,794	2,292
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	16AANVT7OM	25,718	25,718
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	18AANVT7OM	36,909	-
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	1901NVOAOM	69,567	-
			132,194	25,718
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	17AANVT3PH	42,656	42,656
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	18AANVT3PH	74,199	74,199
			116,855	116,855
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048	90MP0209-03	10,068	-
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048	90MPPG0047-01-00	228,000	-
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048	90MPPG0047-02	15,808	-
			253,876	-
Alzheimer's Disease Demonstration Grants to States	93.051	90DS2022-01	77,266	50,766
National Family Caregiver Support	93.052	18AANVT3FC	1,076,136	1,025,707
Public Health Emergency Preparedness	93.069	1 NU90TP921824-01-00	59,584	59,584
Public Health Emergency Preparedness	93.069	1 NU90TP921907-01	993,971	890,940
Public Health Emergency Preparedness	93.069	5 NU90TP000534-05-00	46,021	46,021

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FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Public Health Emergency Preparedness	93.069	6 NU90TP921907-01-04	\$ 4,910,488	\$ 3,259,566
			6,010,064	4,256,111
Medicare Enrollment Assistance Program	93.071	1701NVMIAA	10,814	-
Medicare Enrollment Assistance Program	93.071	1701NVMIDR	25,205	-
Medicare Enrollment Assistance Program	93.071	1701NVMISH	33,207	19,771
Medicare Enrollment Assistance Program	93.071	1801NVMIAA	33,184	-
Medicare Enrollment Assistance Program	93.071	1801NVMIDR	7,042	-
Medicare Enrollment Assistance Program	93.071	1801NVMISH	47,121	29,003
			156,573	48,774
Lifespan Respite Care Program	93.072	90LRLI0008-01-00	19,139	-
Lifespan Respite Care Program	93.072	90LRLI0008-02	98,802	-
			117,941	-
Guardianship Assistance RECOVERY	93.090	G-1801NVGARD	247,242	246,087
Guardianship Assistance RECOVERY	93.090	G-1901NVGARD	320,009	305,290
			567,251	551,377
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	1601NVPREP	236,423	171,632
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	1701NVPREP	282,813	227,561
			519,236	399,193
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	5U79SM062474-03	592,479	3,164
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	5U79SM062474-04	1,761,367	-
			2,353,846	3,164
Maternal and Child Health Federal Consolidated Programs	93.110	2 H18MC00032-25-00	31,330	-
Maternal and Child Health Federal Consolidated Programs	93.110	5 H18MC00032-26-00	31,967	-
Maternal and Child Health Federal Consolidated Programs	93.110	U4CMC32318	96,774	-
			160,071	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	5 NU52PS004681-05-00	246,649	193,192
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	6 NU52PS004681-02-01	109	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	6 NU52PS004681-03-03	455	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	6 NU52PS004681-04-05	418,495	361,292
			665,708	554,484

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Emergency Medical Services for Children	93.127	2 H33MC06694-13-01	\$ 105,739	\$ 6,000
Emergency Medical Services for Children	93.127	5 H33MC06694-14-00	5,948	-
			111,687	6,000
Projects for Assistance in Transition from Homelessness (PATH)	93.150	2X06SM016029-17	212,006	206,708
Projects for Assistance in Transition from Homelessness (PATH)	93.150	2X06SM016029-18	317,456	284,951
			529,462	491,659
Family Planning_Services	93.217	1 FPHPA006384-01-00	126,177	-
Family Planning_Services	93.217	1 FPHPA006447-01-00	18,480	-
Family Planning_Services	93.217	1FPHPA096280-01-00	3,831	-
Family Planning_Services	93.217	4 FPHPA096280-02-04	30,686	-
			179,174	-
Abstinence Education Program	93.235	1701NVAEGP	395,949	242,957
Abstinence Education Program	93.235	1801NVSRAE	269,733	193,920
			665,682	436,877
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	1H79SM063346-01	210,352	203,476
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	1H79SP080994-01	248,326	206,974
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	5H79SM062101	2,732,170	1,690,393
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	5H79SM063346-02	426,715	219,345
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	5U79SM063388	643,644	557,425
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	5U79SP020156-03	123	-
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	5U79SP020156-05	669,369	433,983
			4,930,699	3,311,596
Universal Newborn Hearing Screening	93.251	5 H61MC25010-08	27,556	-
Universal Newborn Hearing Screening	93.251	6 H61MC25010-07-02	221,710	70,370
			249,266	70,370
Immunization Grants	93.268	6 NH23IP000727-05-02	43,686	43,686
Immunization Grants	93.268	6 NH23IP000727-05-03	2,967,137	1,171,804
Immunization Grants	93.268	DIRECT ASSISTANCE	35,967,969	-
			38,978,792	1,215,490
Adult Viral Hepatitis Prevention and Control	93.270	5 NU51PS005120-03	90,421	32,762
Adult Viral Hepatitis Prevention and Control	93.270	6 NU51PS005120-01-03	403	-

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FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Adult Viral Hepatitis Prevention and Control	93.270	6 NU51PS005120-02-05	\$ 100,315	\$ 71,541
			191,139	104,303
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	5 NU50OE000097-04-00	197,929	9,681
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	6 NU50OE000097-02-01	1,436	-
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	6 NU50OE000097-03-02	74,110	29,135
			273,475	38,816
National State Based Tobacco Control Programs	93.305	5 NU58DP006009-04-00	676,959	403,399
National State Based Tobacco Control Programs	93.305	5 NU58DP006009-05	115,208	30,107
National State Based Tobacco Control Programs	93.305	6 NU58DP006009-02-01	447	-
National State Based Tobacco Control Programs	93.305	6 NU58DP006009-03-01	357	-
			792,971	433,506
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	5 NUR3DD000086-02	134,510	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	6 NU50CK000419-03-05	1,666	1,666
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	6 NU50CK000419-04-03	932,670	855,013
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	6 NU50CK000419-05-01	1,313,615	814,810
			2,247,951	1,671,489
State Health Insurance Assistance Program	93.324	90SAPG0046-02-00	302,057	-
State Health Insurance Assistance Program	93.324	90SAPG0046-03	86,091	-
			388,148	-
Behavioral Risk Factor Surveillance System	93.336	5 NU58DP006028-04	196,846	-
Behavioral Risk Factor Surveillance System	93.336	5 NU58DP006028-05-00	48,169	-
			245,015	-
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	1 NU90TP921972-01-00	1,469,222	937,959
Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs	93.367	1U18FD006396-01	114,158	-
Independent Living State Grants	93.369	1801NVILSG	127,948	46,886
Independent Living State Grants	93.369	1901NVILSG	138,094	89,804
			266,042	136,690

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
The State Flexibility to Stabilize the Market Grant Program	93.413	PRPPR180130-01-00	\$ 10,695	\$ -
Improving the Health of Americans through Prevention & Management of Diabetes & Heart Disease & Stroke-Financed in part by 2018 Prevention & Public He	93.426	1 NU58DP006538-01-00	932,474	460,763
Every Student Succeeds Act/Preschool Development Grants	93.434	90TP0025-01-00	5,230	-
Innovative State and Local Public Health Strategies to prevent and Manage Diabetes and Heart Disease and Stroke-	93.435	1 NU58DP006624-01-00	194,451	77,260
State Grant for Assistive Tech	93.464	1701NVSGAT	120,577	114,545
State Grant for Assistive Tech	93.464	1801NVSGAT	191,557	133,726
			312,134	248,271
Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	93.511	PRPPR120027-01-10	290,339	-
Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	93.511	PRPPR140072-01-05	530,764	-
			821,103	-
Building and Strengthening Epidemiology, Laboratory and Health Information Systems	93.521	5 NU50CK000419-04-00	120,197	119,912
Building and Strengthening Epidemiology, Laboratory and Health Information Systems	93.521	6 NU50CK000419-03-01	927	-
			121,124	119,912
Prevention and Public Health Fund (Affordable Care Act) - Capacity Building Assistance to Strengthen Public Immunization Infrastructure and Performance	93.539	5 NH23IP000727-05-00	71,061	71,061
Promoting Safe and Stable Families	93.556	G-1701NVFPSS	317,885	274,768
Promoting Safe and Stable Families	93.556	G-1711NVFPCV	95,671	69,203
Promoting Safe and Stable Families	93.556	G-1801NVFPCV	41,176	26,139
Promoting Safe and Stable Families	93.556	G-1801NVFPSS	1,490,529	1,324,949
Promoting Safe and Stable Families	93.556	G-1801NVPKIN	130,045	90,445
			2,075,306	1,785,504
Child Support Enforcement	93.563	1404NV4005 2016G9916CJ	2,193,043	1,714,031
Child Support Enforcement	93.563	1804NVCSSES 2018G9918CS	12,022,440	7,347,965
Child Support Enforcement	93.563	2017G9917CJ CSE1504NVCSSES	10,539	-

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Child Support Enforcement	93.563	CSES19 1901NVCSES 2019G9919CS	\$ 31,910,997	\$ 12,190,102
Child Support Enforcement	93.563	PROGRAM INCOME	7,686,990	6,775,151
			53,824,009	28,027,249
Low-Income Home Energy Assistance	93.568	G-1801NVLIE4 2018G992627	1,021	-
Low-Income Home Energy Assistance	93.568	G-18B1NVLIEA 2018G992201	3,008,908	382,095
Low-Income Home Energy Assistance	93.568	G-1901NVLIEA 2019G992201	9,038,727	132,555
			12,048,656	514,650
Community Services Block Grant	93.569	G-18B1NVCOSR	1,334,975	1,295,010
Community Services Block Grant	93.569	G-1901NVCOSR	1,380,076	1,280,561
			2,715,051	2,575,571
State Court Improvement Program	93.586	G-1701NVSCID	70,027	-
State Court Improvement Program	93.586	G-1701NVSCIP	65,464	-
State Court Improvement Program	93.586	G-1701NVSCIT	44,249	-
State Court Improvement Program	93.586	G-1801NVSCID	68,590	-
State Court Improvement Program	93.586	G-1801NVSCIP	78,147	-
State Court Improvement Program	93.586	G-1801NVSCIT	72,039	-
			398,516	-
Community-Based Child Abuse Prevention Grants	93.590	G-1701NVFRPG	54,831	52,597
Community-Based Child Abuse Prevention Grants	93.590	G-1801NVBCAP	56,122	50,196
			110,953	102,793
Grants to States for Access and Visitation Programs	93.597	1701NVSAVP 2017G9917AV	16,982	-
Grants to States for Access and Visitation Programs	93.597	1801NVSAVP 2018G9918AV	52,767	-
			69,749	-
Chafee Education and Training Vouchers Program (ETV)	93.599	G-1701NVCETV	175,179	175,179
Chafee Education and Training Vouchers Program (ETV)	93.599	G-1801NVCETV	230,649	230,649
			405,828	405,828
Head Start	93.600	09CD4012-03-00	15,008	-
Head Start	93.600	09CD4012-04-00	60,118	-
			75,126	-
Adoption Incentive Payments	93.603	G-1601NVAIPP	337,133	268,255
Adoption Incentive Payments	93.603	G-1701NVAIPP	13,883	1,704
			351,016	269,959

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Developmental Disabilities Basic Support and Advocacy Grants	93.630	1601NVBSDD	\$ 1,588	\$ 1,588
Developmental Disabilities Basic Support and Advocacy Grants	93.630	1701NVBSDD	175,209	91,682
Developmental Disabilities Basic Support and Advocacy Grants	93.630	1801NVBSDD	392,837	142,683
			569,634	235,953
Children's Justice Grants to States	93.643	G-1701NVCJA1	93,556	14,058
Children's Justice Grants to States	93.643	G-1801NVCJA1	13,679	-
			107,235	14,058
Child Welfare Services_State Grants	93.645	G-1701NVCWSS	423,212	-
Child Welfare Services_State Grants	93.645	G-1801NVCWSS	1,404,599	270,254
			1,827,811	270,254
Foster Care_Title IV-E	93.658	G-1801NVFOST	14,236,385	13,164,618
Foster Care_Title IV-E	93.658	G-1901NVFOST	39,318,835	33,867,190
			53,555,220	47,031,808
Adoption Assistance	93.659	G-1801NVADPT	14,444,621	13,494,897
Adoption Assistance	93.659	G-1901NVADPT	25,287,452	21,562,909
			39,732,073	35,057,806
Social Services Block Grant	93.667	G-1801NVSOSR	5,470,795	2,809,978
Social Services Block Grant	93.667	G-1901NVSOSR	7,453,694	1,689,046
			12,924,489	4,499,024
Child Abuse and Neglect State Grants	93.669	G-1501NVCA01	5,761	2,544
Child Abuse and Neglect State Grants	93.669	G-1601NVCA01	169,028	1,201
Child Abuse and Neglect State Grants	93.669	G-1701NVCA01	113,081	19,617
Child Abuse and Neglect State Grants	93.669	G-1801NVNCAN	35,601	-
			323,471	23,362
Family Violence Prevention and Services/Grants for Battered Women's Shelters_Grants to States and Indian Tribes	93.671	1801NVFVPS	738,724	697,642
Family Violence Prevention and Services/Grants for Battered Women's Shelters_Grants to States and Indian Tribes	93.671	G-1701NVFVPS	129,604	120,440
			868,328	818,082
Chafee Foster Care Independence Program	93.674	G-1701NVCILP	108,360	108,360
Chafee Foster Care Independence Program	93.674	G-1801NVCILP	902,842	849,474
			1,011,202	957,834
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance - financed in part by PPHF-2012	93.733	1H23IP000989-01	58,885	37,316

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance - financed in part by PPHF-2012	93.733	1NH23IP922566-01-00	\$ 18,614	\$ -
			77,499	37,316
State Public Health Approaches for Ensuring Quitline Capacity - Funded in part by 2012 Prevention and Public Health Funds (PPHF-2012)	93.735	6 NU58DP005327-04-02	108,335	88,070
Elder Abuse Prevention Interventions Program	93.747	90EJSG0011-02	184,539	112,320
Elder Abuse Prevention Interventions Program	93.747	90EJSG0033-01	198,437	93,960
			382,976	206,280
State Public Health Actions to Prevent and Control Diabetes, Heart Disease, Obesity and Associated Risk Factors and Promote School Health	93.757	6 NU58DP004820-04-02	820	-
State Public Health Actions to Prevent and Control Diabetes, Heart Disease, Obesity and Associated Risk Factors and Promote School Health	93.757	6 NU58DP004820-05-01	100,893	100,893
State Public Health Actions to Prevent and Control Diabetes, Heart Disease, Obesity and Associated Risk Factors and Promote School Health	93.757	6 NU58DP004820-05-04	199,318	55,411
			301,031	156,304
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	6 NB01OT009158-01-01	232,565	129,900
Alzheimer's Disease Initiative	93.763	90ALGG0011-01	331,036	277,170
Children's Health Insurance Program	93.767	1805NV5021	76,520,839	-
Children's Health Insurance Program	93.767	1905NV5021	3,192,994	-
Children's Health Insurance Program	93.767	1Z0CMS331530-02-00	45,316	45,316
			79,759,149	45,316
Opioid STR	93.788	1H79TI081732-01	128,403	18,751
Opioid STR	93.788	1H79TI080265-01	34,024	34,024
Opioid STR	93.788	5H79TI080265-02	5,433,195	3,471,704
			5,595,622	3,524,479
Money Follows the Person Rebalancing Demonstration	93.791	1LICMS330822-01-02	1,035,225	-
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796	1905NV5001	1,379,376	-

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Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Organized Approaches to Increase Colorectal Cancer Screening	93.800	5 NU58DP006090-03-00	\$ 95,982	\$ 95,982
Organized Approaches to Increase Colorectal Cancer Screening	93.800	5 NU58DP006090-04-00	900,864	502,156
			996,846	598,138
Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.815	3 NU50CK000419-01-04	23,081	23,081
Ebola Preparedness & Response	93.817	U3REP150510-01-01	63,993	63,303
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	1 X10MC29489-01-00	668	53
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	X10MC31155	786,925	682,397
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	X10MC32205-01	1,311,816	935,124
			2,099,409	1,617,574
National Bioterrorism Hospital Preparedness Program	93.889	1 NU90TP921907-01	346,614	343,216
National Bioterrorism Hospital Preparedness Program	93.889	5 NU90TP000534-05-00	105,519	105,519
National Bioterrorism Hospital Preparedness Program	93.889	6 NU90TP921907-01-04	1,587,595	1,173,033
			2,039,728	1,621,768
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	5 NU58DP006306-02-00	3,320,908	2,202,442
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	6 NU58DP006306-01-04	291,116	288,215
			3,612,024	2,490,657
HIV Care Formula Grants	93.917	1 X08HA31244-01-00	960,148	949,766
HIV Care Formula Grants	93.917	6 X07HA00001-28-01	7,404,157	87,797
HIV Care Formula Grants	93.917	6 X07HA00001-29-01	5,451,444	-
			13,815,749	1,037,563
Special Projects of National Significance	93.928	6 X07HA00001-28-01	36,214	36,214
HIV Prevention Activities_Health Department Based	93.940	1 NU62PS924579-01-00	2,401,650	2,000,290
HIV Prevention Activities_Health Department Based	93.940	5 NU62PS924579-02-00	1,146,312	749,745
			3,547,962	2,750,035
Assistance Programs for Chronic Disease Prevention and Control	93.945	6 NU58DP004820-05-01	7,585	7,585
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	5 U01DP006241-03	182,393	130,237
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	5 U01DP006241-04-00	3,218	-
			185,611	130,237

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Block Grants for Community Mental Health Services	93.958	3B09SM010039-17S3	\$ 1,587,718	\$ 900,854
Block Grants for Community Mental Health Services	93.958	3B09SM010039-18S4	4,324,145	1,596,518
			5,911,863	2,497,372
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2B08TI010039-17	5,994,360	5,290,795
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2B08TI010039-18	7,848,174	6,117,730
			13,842,534	11,408,525
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	1 NH25PS005179-01-00	179,519	66,987
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	5H25PS004376-03-01	168	-
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	6 NH25PS004376-04-02	858	-
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	6 NH25PS004376-05-03	530,522	390,872
			711,067	457,859
Preventive Health and Health Services Block Grant	93.991	1 NB01OT009235-01-00	381,440	103,413
Maternal and Child Health Services Block Grant to the States	93.994	6 B04MC30626-01-04	612,067	344,069
Maternal and Child Health Services Block Grant to the States	93.994	6 B04MC31501-01	1,038,884	409,577
			1,650,951	753,646
Assisted Outpatient Treatment	93.997	5H79SM063542-02	100,608	-
Assisted Outpatient Treatment	93.997	5H79SM063542-03	286,329	-
			386,937	-
Total Department of Health and Human Services			3,688,330,945	236,749,335
Social Security Administration				
Disability Insurance/SSI CLUSTER				
Social Security_Disability Insurance	96.001	04-1504NVDI00	15	-
Social Security_Disability Insurance	96.001	04-1704NVDI00	828	-
Social Security_Disability Insurance	96.001	04-1804NVDI00	4,258,527	-
Social Security_Disability Insurance	96.001	1904NVD100	11,485,761	-
Total Disability Insurance/SSI CLUSTER			15,745,131	-
Total Social Security Administration			15,745,131	-
Department of Homeland Security				
Urban Area Security Initiative Non-Profit	97.008	EMW-2016-UA-00027-S01	91,712	91,712

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Boating Safety Financial Assistance	97.012	3318FAS180132	\$ 248,594	\$ -
Boating Safety Financial Assistance	97.012	3319FAS190132	880,423	-
			1,129,017	-
Community Assistance Program_State Support Services Element (CAP-SSSE)	97.023	EMF-2017-GR-1004	83,059	-
Community Assistance Program_State Support Services Element (CAP-SSSE)	97.023	EMF-2018-CA-00021	38,116	-
			121,175	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-09-NV-4202	9,932	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-09-NV-4303	1,201,794	1,129,227
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-09-NV-4307	1,735,671	1,612,258
			2,947,397	2,741,485
Hazard Mitigation Grant	97.039	FEMA-4202-DR-NV	16,094	-
Hazard Mitigation Grant	97.039	FEMA-4303-DR-NV	7,666	931
Hazard Mitigation Grant	97.039	FEMA-4307-DR-NV	77,723	74,081
			101,483	75,012
National Dam Safety Program	97.041	EMF-2017-GR-00002-S01	16,553	-
National Dam Safety Program	97.041	EMF-2018-GR-00003	43,175	-
			59,728	-
Emergency Management Performance Grants	97.042	EMF-2016-EP-00007-S01	311,992	108,735
Emergency Management Performance Grants	97.042	EMF-2017-EP-00001-S01	2,444,981	348,895
Emergency Management Performance Grants	97.042	EMF-2018-EP-00010	1,722,894	1,685,037
			4,479,867	2,142,667
State Fire Training Systems Grants	97.043	EMW-2018-GR-00037	2,424	-
Cooperating Technical Partners	97.045	EMF-2016-CA-00004-S01	19,308	-
Cooperating Technical Partners	97.045	EMF-2016-CA-00006-S01	2,122	-
Cooperating Technical Partners	97.045	EMF-2017-CA-00008-S01	51,042	-
Cooperating Technical Partners	97.045	EMF-2018-CA-00009	102,806	-
			175,278	-
Pre-Disaster Mitigation	97.047	EMF-2015-PC-0001	95,929	53,150
Pre-Disaster Mitigation	97.047	EMF-2016-PC-0004	22,636	603
Pre-Disaster Mitigation	97.047	EMF-2017-PC-0009	11,765	9,842
Pre-Disaster Mitigation	97.047	EMF-2018-PC-0007	32,395	32,395

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor / Pass-Through Grantor Program Title	CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Pre-Disaster Mitigation	97.047	PDMC-09-NV-2010	\$ 864,013	\$ 819,709
			1,026,738	915,699
Homeland Security Grant Program	97.067	EMW-2015-SS-00025-S01	132,435	54,758
Homeland Security Grant Program	97.067	EMW-2016-SS-00120-S01	2,361,310	1,908,212
Homeland Security Grant Program	97.067	EMW-2017-SS-00006-S01	3,394,218	2,443,319
Homeland Security Grant Program	97.067	EMW-2018-SS-00066	542,103	414,128
			6,430,066	4,820,417
Homeland Security Biowatch Program	97.091	13OHBIO00025-02-00	637,342	629,783
Homeland Security Biowatch Program	97.091	2013-OH-091-000030	16	-
Homeland Security Biowatch Program	97.091	2013-OH-091-000030-02	20	-
Homeland Security Biowatch Program	97.091	2013-OH-091-000030-03	19	-
Homeland Security Biowatch Program	97.091	2013-OH-091-000030-05	299,430	299,404
			936,827	929,187
Total Department of Homeland Security			17,501,712	11,716,179
Total Federal Financial Assistance			\$ 5,863,554,993	\$ 898,630,190

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, 2019. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the State, it is not intended to and does not present the net position, fund balance, or cash flows of the State.

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

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

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

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

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

- National School Lunch Program (10.555)
- Commodity Supplemental Food Program (10.565)
- Child and Adult Care Food Program (10.558)
- Summer Food Service Program for Children (10.559)
- Food Distribution Program on Indian Reservations (10.567)
- Emergency Food Assistance Program (10.569)
- 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	\$ 277,855,799
Federal Benefits	3,420,069
Federal Funds - Grants	26,438,487
Total Reported	\$ 307,714,355

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 \$24,427,881.

Note 4 - Disclosure of American Recovery and Reinvestment Act Expenditures

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

A. Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified not considered to be material weaknesses?	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)
- Title I Grants to Local Educational Agencies
- Special Education Cluster
- Rehabilitation Services Vocational Rehabilitation Grants to States
- Temporary Assistance for Needy Families (TANF) Cluster
- Adoption Assistance
- Medicaid Cluster

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

<u>Name of Federal Program</u>	<u>CFDA Number</u>
U.S. Department of Agriculture:	
Child Nutrition Cluster:	
School Breakfast Program	10.553
National School Lunch Program	10.555
Special Milk Program for Children	10.556
Summer Food Service Program for Children	10.559
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557
U.S. Department of Defense:	
National Guard Military Operations and Maintenance (O&M) Projects	12.401
U.S. Department of the Interior	
Fish and Wildlife Cluster	
Sport Fish Restoration	15.605
Wildlife Restoration and Basic Hunter Education	15.611
Hunter Education and Safety Program	15.626
U.S. Department of Justice:	
Crime Victim Assistance	16.575
U.S. Department of Labor:	
WIOA Cluster:	
WIOA Adult Program	17.258
WIOA Youth Activities	17.259
WIOA Dislocated Worker Formula Grants	17.278
U.S. Department of Veterans Affairs	
Grants to States for Construction of State Home Facilities	64.005
U.S. Department of Education:	
Title I Grants to Local Educational Agencies	84.010
Special Education Cluster:	
Special Education Grants to States	84.027
Special Education Preschool Grants	84.173
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126
U.S. Department of Health and Human Services:	
Immunization Cooperative Agreements	93.268
TANF Cluster:	
Temporary Assistance for Needy Families (TANF)	93.558

Child Support Enforcement	93.563
Foster Care Title IV-E	93.658
Adoption Assistance	93.659
Children’s Health Insurance Program (CHIP)	93.767
Medicaid Cluster:	
State Medicaid Fraud Control Units	93.775
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777
Medical Assistance Program	93.778
 Dollar threshold used to distinguish between type A and type B programs:	 \$17,590,665
 Auditee qualified as low-risk auditee:	 No

B. Findings – Financial Statement Audit

**2019-001 Prior Period Adjustment of Highway Fund Payables
Material Weakness**

Criteria: 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.

Condition: A prior period adjustment of \$3,510,112 was required to correct certain payable amounts, which were inadvertently recorded at year end.

Cause: Internal controls in place in 2018, did not ensure that payables were reported accurately.

Effect: In 2018, accounts payable in the Highway Fund were overstated by \$3,510,112.

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

Views of Responsible Officials: Management agrees with this finding.

**2019-002 Prior Period Adjustment of Permanent School Fund Receivable
Material Weakness**

Criteria: 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.

Condition: 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.

Cause: Internal controls in place in 2018 did not ensure that Permanent School Fund receivables were properly calculated and reported.

Effect: At June 30, 2018, fund balance in the Permanent School Fund was overstated by \$3,913,983.

Recommendation: We recommend the State of Nevada enhance internal controls to ensure Permanent School Fund receivables are calculated and reported accurately.

Views of Responsible Officials: Management agrees with this finding.

**2019-003 State Agency Fund for Bonds – Assets
Material Weakness**

Criteria: 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.

Condition: A prior period adjustment of \$265,698,777 was required to correct assets that were not under control of the State of Nevada.

Cause: The internal controls in place over financial reporting did not ensure the amounts recorded for assets were correct.

Effect: 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.

Recommendation: 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.

Views of Responsible Officials: Management agrees with this finding.

**2019-004 Investments – Interest Rate Risk, Credit Risk, and Fair Value Disclosures
Material Weakness**

Criteria: 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.

Condition: 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.

Cause: 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.

Effect: 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.

Recommendation: We recommend the State of Nevada enhance internal controls over financial reporting to ensure investment disclosures are reported consistently and accurately.

Views of Responsible Officials: Management agrees with this finding.

**2019-005 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 is a key component of effective internal control over financial reporting.

Condition: 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.

Cause: The Controller's Office did not have adequate internal controls to 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.

**2019-006 Highway Fund – Accounts Payable and Inventory
Material Weakness**

Criteria: 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.

Condition: 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.

Cause: 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.

Effect: Accounts payable is understated by \$2,609,338 and inventory is understated by approximately \$748,361.

Recommendation: We recommend the State of Nevada enhance internal controls over accounts payable and inventory.

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

**2019-007 Prior Period Adjustment of Infrastructure
Material Weakness**

Criteria: 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.

Condition: A prior period adjustment of approximately \$3,119,518,000 was required to correct infrastructure amounts, which were understated in the 2018 financial statements.

Cause: Internal controls in place in 2018 did not ensure that infrastructure was reported accurately.

Effect: In 2018, infrastructure was understated by approximately \$3,119,518,000.

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

Views of Responsible Officials: Management agrees with this finding.

C. Findings and Questioned Costs – Major Federal Award Programs

**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**

Grant Award Number: Affects grant awards 201717W100647, 201818W100647, and 201919W100647 included under CFDA 10.557 on the Schedule of Expenditures of Federal Awards.

Criteria: 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.

Condition: Rebates were not disbursed prior to requesting funds.

Cause: 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.

Effect: Incorrect amounts of cash may be received, and an interest liability could result.

Questioned Costs: None

Context/Sampling: 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.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division enhance internal controls to ensure rebates are disbursed before requesting funds.

Views of Responsible Officials: The Nevada Division of Public and Behavioral Health agrees with this finding.

**2019-009: U.S. Department of Agriculture
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC),
CFDA 10.557**

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

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

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

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

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

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

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

Questioned Costs: None

Context/Sampling: A nonstatistical sample of 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.

Repeat Finding from Prior Year: Yes - prior year finding 2018-003.

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.

**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

Grant Award Number: Affects all grant awards included under CFDA 15.605 and 15.611 included on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires the State of Nevada to prepare a Schedule of Expenditures of Federal Awards (SEFA) showing both total federal expenditures and payments to subrecipients for the year.

Condition: Amounts were originally reported incorrectly on the SEFA.

Cause: The Nevada Department of Wildlife (the Department) did not have adequate internal controls to ensure total federal expenditures and payments to subrecipients were appropriately reported on the SEFA.

Effect: Prior to correction, the total federal expenditures on the SEFA were understated by \$3,489,536 and pass-through payments were understated by \$2,518,379.

Questioned Costs: None

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

Repeat Finding from Prior Year: No

Recommendation: We recommend the Department enhance internal controls to ensure total federal expenditures and payments to subrecipients are appropriately reported on the SEFA.

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

**2019-011: U.S. Department of Justice
Crime Victim Assistance, CFDA 16.575**

**Procurement, Suspension, and Debarment
Significant Deficiency in Internal Control over Compliance**

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

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

Condition: Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required.

Cause: The 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.

Effect: Contractors may not be aware of required terms and conditions.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of 60 procurement transactions out of 487 was selected for testing, including five contracts subject to Appendix II to Part 200. One of the contracts were missing certain applicable provisions.

Repeat Finding from Prior Year: Yes – prior year finding 2018-010.

Recommendation: We recommend the Division enhance internal controls to ensure all contracts under federal awards contain the applicable provisions.

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

**2019-012: U.S. Department of Justice
Crime Victim Assistance, CFDA 16.575**

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

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

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

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

Condition: *Subgrant Award Reports* (SAR) were not filed timely.

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 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.

Repeat Finding from Prior Year: Yes – prior year finding 2018-012.

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.

**2019-013: U.S. Department of Justice
Crime Victim Assistance, CFDA 16.575**

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

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

Criteria: 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.

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

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

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

Questioned Costs: None

Context/Sampling: 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.

Repeat Finding from Prior Year: Yes – prior year finding 2018-014.

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

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

**2019-014: U.S. Department of Justice
Crime Victim Assistance, CFDA 16.575**

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

Grant Award Number: Affects grant award #2015-VA-GX-0024 included under CFDA 16.575 on the Schedule of Expenditures of Federal Awards.

Criteria: The *Final Program Guidelines* for the Crime Victim Assistance grant indicates that priority funding shall be given to victims of sexual assault, domestic abuse, child abuse, and previous underserved populations (10% to each area).

Condition: The underserved population did not meet the 10% funding requirement.

Cause: 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.

Effect: The underserved population did not receive the minimum expenditure amounts.

Questioned Costs: None

Context/Sampling: 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.

Repeat Finding from Prior Year: Yes – prior year finding 2018-015.

Recommendation: We recommend the Division enhance internal controls to track funding allocations to ensure the priority funding requirements are met.

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

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

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

Criteria: 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: Certain data elements in the *WIOA Participant Individual Record Layout Report (PIRL)* were reported inaccurately.

Cause: 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.

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

Questioned Costs: None

Context/Sampling: 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.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Department enhance internal controls to ensure that all information in the PIRL is accurate and supported by underlying information.

*Views of Responsible
Officials:*

The Nevada Department of Employment, Training and Rehabilitation agrees with this finding.

2019-016: U.S. Department of Labor
WIOA Cluster:
WIA/WIOA Adult Programs, CFDA 17.258
WIA/WIOA Youth Activities, CFDA 17.259
WIA/WIOA Dislocated Worker Formula Grants, CFDA 17.278

Subrecipient Monitoring
Material Weakness in Internal Control over Compliance

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

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

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

Cause: 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.

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

Questioned Costs: None

Context/Sampling: A nonstatistical sample of three subawards out of a population of 14 was selected for testing. None of the subawards contained all the required information. In addition, 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.

Repeat Finding from Prior Year: Yes – prior year finding 2018-019.

Recommendation: 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.

*Views of Responsible
Officials:*

The Department of Employment, Training and Rehabilitation agrees with this finding.

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

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

Criteria: Title 2 Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires the State of Nevada to prepare a Schedule of Expenditures of Federal Awards (SEFA) showing both total federal expenditures and payments to subrecipients for the year. Payments to subrecipients are required to be reported on the SEFA when incurred (cash basis of accounting).

Condition: Amounts were originally reported incorrectly on the SEFA.

Cause: 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.

Effect: 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.

Questioned Costs: None

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

Repeat Finding from Prior Year: No

Recommendation: We recommend the Department enhance internal controls to ensure total federal expenditures and payments to subrecipients are appropriately reported on the SEFA.

*Views of Responsible
Officials:*

The Nevada Department of Employment, Training and Rehabilitation agrees with this finding.

**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**

Grant Award Number: Affects all grant awards included under CFDA 64.005 on the Schedule of Expenditures of Federal Awards.

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

Accurate record retention and reconciliation of expenditures are key components of effective internal controls.

Condition: The Department of Veterans Services (the Department) did not maintain adequate records and reconciliations to facilitate effective monitoring and tracking of allowable costs.

Cause: The Department did not have adequate internal controls to monitor total federal expenditures, including approved pre-award costs.

Effect: \$10,115,056 in costs were not billed to the federal awarding agency timely.

Questioned Costs: None

Context/Sampling: 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. The costs from fiscal years 2014-2018 accounted for approximately 85% of the unbilled amounts.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Department enhance internal controls to monitor total federal expenditures, including approved pre-award costs.

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

**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**

Grant Award Number: Affects all grant awards included under CFDA 64.005 on the Schedule of Expenditures of Federal Awards.

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

Adequate segregation of duties is a key component of effective internal controls.

Condition: 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).

Cause: The Nevada Department of Veterans Services (the Department) did not have adequate internal controls to evidence appropriate segregation of duties.

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

Questioned Costs: None

Context/Sampling: No sampling was used, we examined the entire population of four SF-271 reports. None of the reports had evidence of segregation of duties.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Department enhance internal controls to evidence appropriate segregation of duties.

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

**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**

Grant Award Number: Affects all grant awards included under CFDA 64.005 on the Schedule of Expenditures of Federal Awards.

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

Condition: Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required.

Cause: The 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.

Effect: Contractors may not be aware of required terms and conditions.

Questioned Costs: None

Context/Sampling: 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.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Department enhance internal controls to ensure all contracts under federal awards contain the applicable provisions.

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

**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**

Grant Award Number: Affects all grant awards included under CFDA 64.005 included 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 total federal expenditures for the year.

Condition: Amounts were originally reported incorrectly on the SEFA.

Cause: 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.

Effect: Prior to correction, the total federal expenditures on the SEFA were understated by \$10,115,056.

Questioned Costs: None

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

Repeat Finding from Prior Year: No

Recommendation: We recommend the Department enhance internal controls to ensure total federal expenditures are appropriately reported on the SEFA.

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

**2019-022: 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 every subaward includes certain information at the time of the subaward and that the award's CFDA number is identified to the subrecipient at the time of disbursement.
- B. Pass-through entities evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. In addition, the subrecipient monitoring must ensure that the subaward is used for authorized purposes.
- C. Pass-through entities verify every subrecipient is audited as required by Uniform Guidance, issue management decisions for audit findings, as applicable, and ensure the subrecipient takes timely corrective action on all audit findings, as applicable.

Condition:

- A. Subawards 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.
- 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 for performance pursuant to subawards was incomplete.
- C. 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.

<i>Cause:</i>	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.
<i>Effect:</i>	Noncompliance at the subrecipient level may occur and not be detected by the Department.
<i>Questioned Costs:</i>	Undetermined
<i>Context/Sampling:</i>	<p>Testing was performed over each requirement for the Department and the Authority. The applicable populations were as follows:</p> <p style="padding-left: 40px;">28 subrecipients in total; 20 applicable to the Department and 8 applicable to the Authority.</p> <p style="padding-left: 40px;">Total payments made to subrecipients were 501; 222 applicable to the Department and 279 applicable to the Authority.</p> <p>A. 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.</p> <p style="padding-left: 40px;">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.</p> <p>B. 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.</p> <p>C. 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.</p>
<i>Repeat Finding from Prior Year:</i>	Yes – parts A and B were prior year finding 2018-022.

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 agrees with this finding.

**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**

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.

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.

Condition: *District Test Security Plans* were either not submitted or not maintained.

Cause: The Nevada Department of Education (the Department) did not have internal controls to ensure LEA's adhered to the *Assessment Security System Procedures*.

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 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.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Department implement internal controls to ensure LEA's adhere to the *Assessment Security System Procedures*.

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

**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**

Grant Award Number: Affects grant award #H027A160043 included under CFDA 84.027 on the Schedule of Expenditures of Federal Awards.

Criteria: 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.

Condition: Administration costs exceeded the maximum reserve.

Cause: 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.

Effect: Unallowable administrative dollars were claimed.

Questioned Costs: Less than \$25,000.

Context/Sampling: No sampling was used. We examined the total expenditure population under the grant award.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Department enhance internal controls to ensure administrative dollars are not claimed in excess of the maximum reserve.

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

**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**

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

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

Condition: Suspension and debarment verification procedures were not always performed prior to entering into covered transactions.

Cause: The Nevada 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.

Effect: Payments could be made to recipients who were suspended or debarred.

Questioned Costs: None

Context/Sampling: 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.

Repeat Finding from Prior Year: No

Recommendation: 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.

Views of Responsible Officials: The Nevada State Public Charter School Authority agrees with this finding.

**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**

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:

- A. Pass-through entities ensure that every subaward includes certain information at the time of the subaward and that the award's CFDA number is identified to the subrecipient at the time of disbursement.
- B. Pass-through entities evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. In addition, the subrecipient monitoring must ensure that the subaward is used for authorized purposes.
- C. Pass-through entities verify every subrecipient is audited as required by Uniform Guidance, issue management decisions for audit findings, as applicable, and ensure the subrecipient takes timely corrective action on all audit findings, as applicable.

Condition:

- A. Subawards 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.
- 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 for performance pursuant to subawards was incomplete.
- C. 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.

<i>Cause:</i>	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.
<i>Effect:</i>	Noncompliance at the subrecipient level may occur and not be detected by the Department.
<i>Questioned Costs:</i>	Undetermined
<i>Context/Sampling:</i>	<p>Testing was performed over each requirement for the Department and the Authority. The applicable populations were as follows:</p> <p style="padding-left: 40px;">48 subrecipients in total; 21 applicable to the Department and 27 applicable to the Authority.</p> <p style="padding-left: 40px;">Total payments made to subrecipients were 787; 327 applicable to the Department and 460 applicable to the Authority.</p> <p>A. 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.</p> <p style="padding-left: 40px;">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.</p> <p>B. 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.</p> <p>C. 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.</p>
<i>Repeat Finding from Prior Year:</i>	Yes – parts A and B were prior year finding 2018-022.
<i>Recommendation:</i>	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 agrees with this finding.

**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**

Grant Award Number: Affects grant award #H126A180041 included under CFDA 84.126.

Criteria: 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.

Condition: Pre-employment transition services were not expended at the minimum 15 percent.

Cause: 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.

Effect: Pre-employment transition services were underfunded.

Questioned Costs: None

Context/Sampling: 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.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Department enhance internal controls to ensure compliance with earmarking requirements.

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

**2019-028: 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**

<i>Grant Award Number:</i>	Affects all grant awards included under CFDA 84.126 on the Schedule of Expenditures of Federal Awards.
<i>Criteria:</i>	The <i>OMB Compliance Supplement</i> requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by underlying accounting information and are presented in accordance with program requirements.
<i>Condition:</i>	Information in the <i>Case Service Report (RSA-911)</i> was reported inaccurately or not supported by underlying information.
<i>Cause:</i>	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.
<i>Effect:</i>	Inaccurate information was reported to the federal awarding agency.
<i>Questioned Costs:</i>	None
<i>Context/Sampling:</i>	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 applicator date reported did not agree to the underlying application. Additionally, we noted one instance of an incorrect start of employment date reported.
<i>Repeat Finding from Prior Year:</i>	Yes – prior year finding 2018-027.
<i>Recommendation:</i>	We recommend the Department enhance internal controls to ensure key data elements in the RSA-911 are accurate and supported by underlying information.
<i>Views of Responsible Officials:</i>	The Nevada Department of Employment, Training and Rehabilitation agrees with this finding.

**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**

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

Criteria: The *OMB Compliance Supplement* provides that a State must claim federal financial participation for costs associated with a program only in accordance with its approved cost allocation plan. Since cost allocation plans are of a narrative nature, the federal government needs assurance that the cost allocation plan has been implemented as approved.

Condition: Cost allocation was not updated to reflect changes in total costs, thus not reflecting final actual amounts.

Cause: The Nevada Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure final expenditure amounts were allocated.

Effect: Administrative costs claimed were inaccurate.

Questioned Costs: Less than \$25,000 for each major program individually and in the aggregate.

Context/Sampling: No sampling was used; total allocated expenditures for the programs were reconciled to supporting records.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division enhance internal controls to ensure final expenditure amounts are allocated.

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

**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**

Grant Award Number: Affects all grant awards included under CFDA 93.558 on the Schedule of Expenditures of Federal Awards.

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

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

Condition:

- 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.

Cause: 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.

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

Questioned Costs: Undetermined

Context/Sampling: 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.

*Repeat Finding from
Prior Year:*

No

Recommendation:

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.

*Views of Responsible
Officials:*

The Nevada Division of Welfare and Supportive Services and the Nevada Department of Education agree with this finding.

**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**

Grant Award Number: Affects all grant awards included under CFDA 93.558 on the Schedule of Expenditures of Federal Awards.

Criteria: The *OMB Compliance Supplement* 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.

Condition: Assistance payments were not terminated timely.

Cause: 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.

Effect: 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.

Context/Sampling: 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.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division enhance internal controls to ensure assistance is terminated timely for non-compliant participants.

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

**2019-032: U.S. Department of Health and Human Services
Child Support Enforcement, CFDA 93.563**

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

Grant Award Number: Affects all grant awards included under CFDA 93.563 on the Schedule of Expenditures of Federal Awards.

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

Condition: Subawards did not include 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.

Cause: 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.

Effect: Subrecipients may not record or classify grant funds appropriately.

Questioned Costs: None

Context/Sampling: 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.

Repeat Finding from Prior Year: Yes – prior year finding 2018-036.

Recommendation: 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.

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

**2019-033: U.S. Department of Health and Human Services
Foster Care – Title IV-E, CFDA 93.658**

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

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

Criteria: The *OMB Compliance Supplement* provides that funds may be expended for Foster Care maintenance payments on behalf of eligible children, in accordance with the Title IV-E agency's Foster Care maintenance payment rate schedule and in accordance with 45 CFR section 1356.21, to individuals serving as foster family homes, to child-care institutions, or to public or private child-placement or child-care agencies.

Condition: In a certain instance, a provider was paid more than once for foster care services for a specific child on the same day.

Cause: The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls to ensure that the provider was paid only once for foster care services for a specific child on the same day.

Effect: Unallowable costs were charged to the federal program.

Questioned Costs: None, as known questioned costs did not exceed \$25,000.

Context/Sampling: We selected a nonstatistical sample of 60 providers, which represented approximately 700 months of service. We noted 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.

Repeat Finding from Prior Year: Yes - prior year finding 2018-037.

Recommendation: 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.

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

**2019-034: 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**

Grant Award Number: 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.

Criteria: The *OMB Compliance Supplement* provides that a State must claim federal financial participation for costs associated with a program only in accordance with its approved cost allocation plan. Since cost allocation plans are of a narrative nature, the federal government needs assurance that the cost allocation plan has been implemented as approved.

Condition: 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.

Cause: The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls to ensure the cost allocation plan narrative appropriately reflected allocation methods and allocation statistics were accurate.

Effect: 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

Context/Sampling: 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.

*Repeat Finding from
Prior Year:* Yes – prior year finding 2018-038.

Recommendation:

We recommend the Division enhance internal controls to ensure the cost allocation plan narrative appropriately reflects allocation methods and allocation statistics are accurate.

*Views of Responsible
Officials:*

The Nevada Division of Child and Family Services agrees with this finding.

**2019-035: 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**

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 ensure that 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 Child and Family Services (the Division) did not have adequate internal controls to ensure subawards contained all required information.

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

Questioned Costs: None

Context/Sampling: The entire population of two subawards was tested. Neither of the subawards contained all the required information.

Repeat Finding from Prior Year: Yes – prior year finding 2018-041.

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

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

**2019-036: U.S. Department of Health and Human Services
Foster Care – Title IV-E, CFDA 93.658
Adoption Assistance, CFDA 93.659**

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

Grant Award Number: 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.

Criteria: Title 2 Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires the State of Nevada to prepare a Schedule of Expenditures of Federal Awards (SEFA) showing both total federal expenditures and payments to subrecipients for the year.

Condition: Amounts were originally reported incorrectly on the SEFA.

Cause: The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls to ensure total federal expenditures and payments to subrecipients were appropriately reported on the SEFA.

Effect: Prior to correction, the total federal expenditures 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.

Questioned Costs: None

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

Repeat Finding from Prior Year: Yes – prior year finding 2018-042.

Recommendation: We recommend the Division enhance internal controls to ensure total federal expenditures and payments to subrecipients are appropriately reported on the SEFA.

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

**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**

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.

Questioned Costs: None

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.

*Repeat Finding from
Prior Year:* No

Recommendation:

We recommend the Division enhance internal controls to ensure the amount of expenditures from adoption savings are accurately tracked and reported.

*Views of Responsible
Officials:*

The Nevada Division of Child and Family Services agrees with this finding.

**2019-038: U.S. Department of Health and Human Services
Children’s Health Insurance Program (CHIP), CFDA 93.767**

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

Grant Award Number: Affects all grant awards included under CFDA 93.767 on the Schedule of Expenditures of Federal Awards.

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

Condition: Amounts reported on the *Quarterly Children’s Health Insurance Program Statement of Expenditures for Title XXI (CMS-21)* were not supported by the underlying accounting information.

Cause: The Nevada Division of Health Care Financing and Policy (the Division) did not have adequate internal controls to ensure CMS-21 reports were reported accurately.

Effect: Inaccurate information may have been reported to the federal awarding agency.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of two CMS-21 reports out of four was selected for testing. Lines 25 and 33, in total, were overstated by \$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).

Repeat Finding from Prior Year: Yes – prior year finding 2018-044.

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

Views of Responsible Officials: The Nevada Division of Health Care Financing and Policy agrees with this finding.

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

Grant Award Number: Affects all grant awards included under CFDA 93.778 on the Schedule of Expenditures of Federal Awards.

Criteria: The *OMB Compliance Supplement* requires that non-federal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. To ensure compliance with Eligibility, the Nevada Division of Welfare and Supportive Services (the Division) has instituted a policy requiring a case manager to approve eligibility determinations (applications).

Condition: There was no discernible evidence of the date applications were received and reviewed by the Division.

Cause: The Division did not follow (or have evidence of following) its internal control policy to have all paper applications reviewed, and date stamped.

Effect: Failure to evaluate all eligible months may occur, which could lead to lack of eligibility payments to the applicant and possible underpayments.

Questioned Costs: None

Context/Sampling: 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.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division follow its own internal control policy to have paper applications reviewed and date stamped upon receipt.

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

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

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 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.

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. In addition, the biennial ADP system review was also required as the previous ADP system review was completed in June 2017.

Repeat Finding from Prior Year: No

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, 2019

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-62



OFFICE OF THE
STATE CONTROLLER

March 17, 2020

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, 2019.

2018-A **Prior Period Adjustment of Unemployment Revenues
Material Weakness**

*Initial Fiscal Year
Finding Occurred:*

2018

Finding Summary:

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

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

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

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

State's Response:

Nevada DETR Financial Management (FM) Bureau has enhanced its procedures to ensure revenues are reported accurately. Appropriate controls have been established and implemented so that revenues totals are checked and re-checked for accuracy prior to submission to the Nevada State Controller's Office.

Estimated Date of Completion: Immediate and ongoing
Contact Person: Kathleen DeSocio, MSM, CGFM
Chief Financial Officer, Financial Management Section

Status:

Corrected

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

Initial Fiscal Year Finding Occurred: 2018

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

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

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

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

State's Response: Corrected as of May 23, 2018

Status: Corrected.

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

Initial Fiscal Year Finding Occurred: 2018

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

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

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

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

State's Response: Corrected as of June 30, 2019

Status: Corrected

2018-001, 2017-002,
2016-002, 2015-002:

**U.S. Department of Agriculture
Child Nutrition Cluster:
School Breakfast Program, CFDA 10.553
National School Lunch Program, CFDA 10.555
Special Milk Program for Children, CFDA 10.556
Summer Food Service Program for Children, CFDA 10.559**

**Cash Management
Material Weakness in Internal Control over Compliance**

*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 (the Agreement) specify that the National School Lunch Program use the average clearance funding technique, which requires that funds are requested and deposited in accordance with the clearance time specified in Exhibit II of the Agreement, which is four days.

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

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

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

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

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

State's Response:

State Response: This has been corrected as of November 7, 2018. The agency implemented controls to ensure federal draws were completed within the Cash Management Improvement Act (CMIA) Treasury-State Agreement (TSA) negotiated agreement of four days. Procedures were implemented, and draws are being reviewed, logged and tracked through completion.

Status:

Corrected

2018-002, 2017-003,
2016-005:

U.S. Department of Agriculture
Child Nutrition Cluster:
School Breakfast Program, CFDA 10.553
National School Lunch Program, CFDA 10.555
Special Milk Program for Children, CFDA 10.556
Summer Food Service Program for Children, CFDA 10.559

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

*Initial Fiscal Year
Finding Occurred:*

2016

Finding Summary:

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

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

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

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

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

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

State's Response:

State Response: This has been corrected as of August 1, 2018. The agency implemented the "CFDA number" within the description field of all payment vouchers

Status:

Corrected

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:

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

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:

Partially corrected

Reason for Recurrence: The Public Works Division has revised its lease template as of March 2019 to include the applicable provisions to satisfy federal requirements.

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 March 13, 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 and Clean Air/Clean Water Act. However, amendments to Division contracts extending the expiration date were not always checked for the applicable provisions in Appendix II to Part 200.

Corrective Action: The Contract Unit will 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 compliance of this requirement.

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:

Reason for recurrence, if applicable: Although the coordination of verifying that required audit reports were received, reviewed and appropriately acted upon was being completed by an Accounting Assistant III and a Management Analyst III, full implementation was not completed due to heavy workload.

New corrective action: The Division has received authorization for an Auditor III and the expectation is to fill this position in October 2019. The Auditor III will work with the Accounting Assistant III, the assigned Administrative Services Officer, and program staff to ensure the audit reports are being received, reviewed, followed up, logged and tracked through completion. Management review and corrective actions/findings will be reviewed and approved by Division Administration.

Partial corrective action taken: As of March 15, 2019, the agency has updated the templates for subawards per guidance of 2 CFR Part 200. As of July 1, 2018, Risk Assessment tools were developed collaboratively by Division Fiscal and Program staff and has been implemented.

Status:

Partially 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.

Reason for recurrence, if applicable: Corrective action plan was implemented ongoing and not retroactively due to the quantity of the contracts. Hence, any audits that will sample prior contracts will have the same findings until all prior contracts have expired and/or projects are completed.

Partial corrective action taken: Office of the Military is currently in the process of amending existing contracts, generated prior to November 2017, to include applicable provisions. The estimated completion date provided for 2018-005 was July 1, 2020 and that is still the agency's target. However, prior Division of Public Works contracts will not be amended due to the amount of contracts.

Explain significant differences in corrective action from prior year, if applicable: There is no difference to the 2018-005 corrective action plan.

Status: Partially corrected

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

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

*Initial Fiscal Year
Finding Occurred:* 2018

Finding Summary: The *OMB Compliance Supplement* requires that non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. The *DOJ Grants and Financial Guide* allows for advance funding for a maximum of ten days (immediate cash needs). To ensure compliance with cash management, a reconciliation of immediate cash needs should be performed.

A reconciliation of immediate cash needs was performed; however, records were not maintained to support the pending transactions included in the determination of immediate cash needs.

The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls to support the pending cash transactions included in the determination of immediate cash needs.

Federal cash on hand could be maintained longer than the permissible ten days.

A nonstatistical sample of 15 out of 75 cash draws was selected for testing. None of the cash draws included adequate support for the pending transactions included in the determination of immediate cash needs.

We recommend the Division enhance internal controls to include adequate support for the pending transactions included in the determination of immediate cash needs.

State's Response: Corrected March 1, 2019

Status: Corrected

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

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

*Initial Fiscal Year
Finding Occurred:* 2018

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

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

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

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

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

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

State's Response: Corrected August 31, 2018

Status: Corrected

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

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

*Initial Fiscal Year
Finding Occurred:* 2018

Finding Summary: Crime Victim Assistance *Program Guidelines* requires subrecipients to be a public or nonprofit organization and provide services to crime victims to be eligible to receive program funds.

A subgrant was issued to an organization that did not provide services to crime victims.

The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls in place to ensure subgrants were awarded to only eligible subrecipients.

Amounts were paid to an ineligible recipient.

A nonstatistical sample of 25 subrecipients out of 51 was selected for testing. One subrecipient was not eligible.

We recommend the Division enhance internal controls to ensure subgrants are awarded to only eligible subrecipients.

State's Response: Corrected July 1, 2018

Status: Corrected

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

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

*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 States to follow the same policies and procedures for procuring property and services under a Federal award as it does when procuring property and services with non-Federal funds.

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

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

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

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

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

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

State's Response: Corrected July 1, 2018

Status: Corrected

**2018-010: U.S. Department of Justice
Crime Victim Assistance, CFDA 16.575
Procurement, Suspension, and Debarment
Material Weakness in Internal Control over Compliance and Material Noncompliance**

*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.

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

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

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

State's Response: Corrected on or before June 30, 2022

DCFS has previously requested subrecipients amend the long-term contract to include required federal language. In FY19, the contract was not amended. As an added measure, DCFS will notify the subrecipient that no further reimbursements will be issued for contract expenses until the subrecipient demonstrates the contract has been amended.

Status: Partially corrected

**2018-011: 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: 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 *Federal Financial Report* (SF-425) were not supported by the underlying accounting information or calculated in accordance with program requirements.

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

Inaccurate information was reported to the federal awarding agency.

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

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

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

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

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

State's Response: Corrected March 1, 2019

Status: Corrected

**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: 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 and an item reported on a SAR was not supported by the underlying accounting information.

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

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

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

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

State's Response: Corrected June 30, 2019

Notification of this finding occurred mid-year resulting in a repeat finding in FY19. Corrective action was taken in FY19 to update the Grants Management Unit's Policies and Procedures requiring the Subgrant Award Reports be submitted within ninety (90) days of issuing the subaward.

Status: Not corrected

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

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

*Initial Fiscal Year
Finding Occurred:* 2018

Finding Summary: Crime Victim Assistance *Program Guidelines* require state grantees, who opt to use a portion of the grant for administrative costs, to report their administrative and training costs in an *Annual State Performance Report*.

Administrative and training costs were not reported.

The Nevada Division of Child and Family Services (the Division) did not know of the requirement.

The *Annual State Performance Report* was not complete.

No sampling was used as we examined the *Annual State Performance Report*.

We recommend the Division amend past reports to include the required information and report administrative and training costs in future *Annual State Performance Reports*.

State's Response: Corrected April 1, 2019

Status: Corrected

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

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

*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. In addition, the

subrecipient monitoring must ensure that the subaward is used for authorized purposes.

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

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

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

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

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

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

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

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

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

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

State's Response:

Corrected June 30, 2019

Notification of this finding occurred mid-year resulting in a repeat finding in FY19. The DHHS Director's Office has revised the subaward templates to be used by all Divisions that include the Uniform Guidance information requirements.

Status: Partially corrected

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

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

*Initial Fiscal Year
Finding Occurred:* 2018

Finding Summary: 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 funding allocation was not maintained with sufficient documentation to support compliance with the priority funding requirement.

The Nevada Division of Child and Family Services (the Division) did not have internal controls to track funding allocations to ensure the priority funding requirements were met.

The Division may not have spent funds appropriately.

No sampling was used.

We recommend the Division implement internal controls to track funding allocations to ensure the priority funding requirements are met.

State's Response: Corrected July 27, 2018

DCFS allocated funding appropriately based upon priority funding requirements; however, subrecipients in the Underserved Population did not fully expend subawards. The Grants Management Unit will be working with subrecipients to ensure that future awarded funding is expended as allocated.

Status: Partially corrected

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

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

*Initial Fiscal Year
Finding Occurred:* 2018

Finding Summary: 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 because the payments to subrecipients were not reported when incurred (cash basis of accounting).

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 and payments to subrecipients on the SEFA were understated by \$1,748,985.

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: Corrected April 1, 2019

Status: Corrected

**2018-017, 2017-010,
2016-015:**

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

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

*Initial Fiscal Year
Finding Occurred:*

2016

Finding Summary:

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

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

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

Incorrect information may have been included on the TAPR.

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

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

State's Response:

Nevada DETR Workforce Investment Support Services (WISS) reports that the Nevada Division of Internal Audits' (DIA) review completed on June 1, 2018 included a validation of the wage extract for the subsequent report quarters TAA PIRL -12-31-2017 that was sourced from Nevada's new MIS system (EmployNV). The data demonstrated the wage in question was updated and reported correctly. The DIA Audit also included a review of the TAA PIRL for the quarter ending 03-31-2018. This review included all participant records in the TAA report with no further findings resulted. Because the finding did not repeat in the following two quarters (12/31/17 and 3/31/18), DETR believes no further corrective action is necessary.

Follow-up Response by US DOL Grant Officer on June 20, 2019

We recommend that management enhance the internal controls over reporting of information included on the TAPRs to ensure the reported information agrees to the WRIS.

Nevada DETR's Response in July 2019

Nevada DETR Workforce Investment Support Services (WISS) reiterates that the finding has been corrected as per the previous response submitted in March 2019. No additional response is required.

Nevada DETR's Response in March 2020

Partially Corrected.....as stated previously, Nevada DETR Workforce Investment Support Services (WISS) reiterates that the finding has been corrected as per the previous response submitted in March 2019.

Date of Completion: June 1, 2018

Contact Person: Kristine Nelson, DETR ESD WISS Chief

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 subawards.

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 Response in March 2020

Partially Corrected. As stated previously, 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 Response in March 2020

Partially corrected. 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

**2018-019: 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: 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 to the subrecipients at the time of disbursement.

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

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

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

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

State's Response:

Nevada DETR's Response – Contains 2 Parts

1. Nevada DETR Workforce Investment Support Services (WISS)

Nevada DETR WISS indicates that on page three (3) #17 of Attachment B- General Assurances, Certifications and Other Provision, it is clearly stated that "Grantee assures that it will comply with applicable sections of the OMB Uniform Administrative Requirements (2 CFR 200), Cost Principles and Audit Requirements for Federal Awards Final Rule, Subpart E on cost principles." The sub award template will be updated to include the FAIN and the approved cost allocation plan for each recipient. 2 CFR 200.331(4) does not require an Indirect Cost rate and allows the cost allocation plan that is approved annually by DETR. 2 CFR 200.331 does not require the DUNS number be listed on the sub award and in fact DETR received an advisement from Colleen Janes in the Nevada State Administration office on September 7, 2017 that DUNS numbers are considered confidential and should not be referenced in the sub award. We do not include DUNS on the advice of Dept. of Administration as that data is confidential. DETR requests that *a specific citation be provided to override the recommendation of the Nevada Dept. of Administration.*

Follow-up Response by US DOL Grant Officer on June 20, 2019

We recommend that management implement internal controls to ensure compliance with subrecipient monitoring requirements.

Nevada DETR's Response in August 2019

Nevada DETR WISS continues to follow the steps outlined in the prior response. Because no citation was provided to support the DUNS number request, it will not be on the documents.

Nevada DETR's Response in March 2020

No action on this has been taken to date. Nevada DETR WISS continues to follow the steps outlined in the prior response. Because no citation was provided to support the DUNS number request, it will not be on the documents.

Estimated Date of Completion: Immediate and upon further guidance

Contact Person: Kristine Nelson, DETR ESD WISS Chief

2. Nevada DETR Financial Management (FM)

With respect to the CFDA number issue and improving internal controls, DETR Financial Management (FM) Bureau will improve accountability by providing this number on the corresponding remittance advices for each payment made.

Follow-up Response by US DOL Grant Officer on June 20, 2019

We recommend that management implement internal controls to ensure compliance with subrecipient monitoring requirements.

Nevada DETR’s Response in August 2019

Nevada DETR FM has been adding the CFDA number to subrecipient payment notes, so that it appears on remittance advices.

Nevada DETR’s Response in March 2020

Partially corrected. Nevada DETR FM has been adding the CFDA number to subrecipient payment notes since August 2019, so that it appears on remittance advices.

Estimated Date of Completion: Immediate and upon further guidance

Contact Person: Kathleen DeSocio, DETR Financial Management, CFO

Status: Partially Corrected

**2018-020, 2017-017,
2016-022, 2015-016:**

**U.S. Department of Education
Title I Grants to Local Educational Agencies, CFDA 84.010
Special Education Cluster:
Special Education-Grants to States, CFDA 84.027
Special Education-Preschool Grants, CFDA 84.173**

**Allowable Costs/Cost Principles
Material Weakness in Internal Control over Compliance and Material
Noncompliance**

*Initial Fiscal Year
Finding Occurred:* 2015

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

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

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

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

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

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

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

State's Response: Corrected as of March 2017

Status: Corrected

**2018-021, 2017-018,
2016-023, 2015-017:**

**U.S. Department of Education
Title I Grants to Local Educational Agencies, CFDA 84.010
Special Education Cluster:
Special Education-Grants to States, CFDA 84.027
Special Education-Preschool Grants, CFDA 84.173**

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

*Initial Fiscal Year
Finding Occurred:*

2015

Finding Summary:

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

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

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

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

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

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

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

We recommend the Department enhance internal controls to ensure adequate supporting documentation is always maintained for Federal cash draws.

State's Response:

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

**2018-022, 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
Special Education Cluster:
Special Education-Grants to States, CFDA 84.027
Special Education-Preschool Grants, CFDA 84.173**

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

*Initial Fiscal Year
Finding Occurred:*

2015

Finding Summary:

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

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

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

A. 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.

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

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

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

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

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

State's Response:

Condition A

Subaward Information

NDE ensures that every subaward includes all information required by the Uniform Guidance. Subawards issued in hard copy have included all required information and subawards issued in an electronic format were corrected through an enhancement to the existing software application. This action was fully implemented in March 2020.

Subaward Payments

NDE subawards issued in a hard copy format have included CFDA numbers. During FY19, NDE initiated collaboration with the Electronic Plans, Applications, Grants and Expenditures (ePAGE) vendor to add the CFDA numbers to subawards issued via the ePAGE system. This corrective action will be fully implemented in March 2020.

Condition B

The Nevada Department of Education remains committed to a Department-wide Subrecipient Risk Assessment and Monitoring procedure for all NDE subrecipients and continues progress towards full implementation. Beginning in the summer of 2018 through January 2019, a total of 92 subrecipients were

contacted to complete a risk assessment questionnaire. A total of 88 subrecipients responded and received risk assessment scores.

In summer of 2019, the Nevada Legislature approved a position for NDE to focus on risk assessments. This position was filled in November 2019. With the addition of newly dedicated staff, NDE began subrecipient monitoring in January 2020. Monitoring was implemented based on the attached schedule and in accordance with the level of risk assessed.

Additionally, the risk assessment process is being enhanced to include both fiscal and programmatic indicators, which will produce a robust assessment of each subrecipient's overall grant performance. Development of a revised monitoring schedule is contingent upon resulting assessment scores, which are anticipated to be available in the next few months.

Within the next three months, the NDE will:

- Finalize the revised risk assessment tool
- Conduct risk assessments of all NDE subrecipients
- Notify subrecipients of their updated risk score
- Update monitoring schedule based on the revised scores
- Implement the updated monitoring schedule

Status: Partially corrected

**2018-023, 2017-020,
2016-025, 2016-026,
2015-006, 2015-007:**

**U.S. Department of Education
Rehabilitation Services Vocational Rehabilitation Grants to States, CFDA
84.126**

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

*Initial Fiscal Year
Finding Occurred:* 2015

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

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

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

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

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

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

A. Participants may not have been eligible.

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

A. A nonstatistical sample of 60 out of 2,549 applicants deemed eligible during the fiscal year was selected for testing. For three of the 60 individuals selected for testing, the required documentation of a physical or mental impairment was not included in the file at the time of the eligibility determination. However, there was other evidence of the individuals’ physical or mental impairment that supported their eligibility, but the documentation was not in the required format.

B. A nonstatistical sample of 60 out of 2,549 applicants deemed eligible during the fiscal year was selected for testing. For one of the 60 individuals selected for testing, no financial participation form was completed and signed by the counselor and participant. For two of the 60 individuals selected for testing, the participant received SSI, SSDI, TANF, or SNAP, however, the “meets financial needs box” was not checked in the electronic case file as required.

We recommend the Department enhance internal controls to ensure compliance with eligibility requirements and the Department’s written policies.

State’s Response:

Nevada DETR Vocational Rehabilitation’s (VR) Program staff will perform the following corrective actions to help enhance internal controls as a way of ensuring compliance with eligibility requirements and the Program’s written policies:

- Training will be provided to staff regarding allowable medical documentation of a physical or mental impairment.
- VR’s internal Training Officer will tailor her training to staff throughout the next year on process, procedures and compliance to improve program performance in these specific finding areas.
- VR’s Quality Control team will provide targeted technical assistance with counseling teams for review of cases and review of policy expectations regarding allowable documentation for physical and mental impairments.
- Checking the “meets financial need” box is no longer a required action. It will not be a future finding.
- Supervisors & Managers will do random spot checks of open cases to review financial participation forms, and the presence of medical documentation to support eligibility.

Nevada DETR's Updated Response - May 2019

In response to inquiries from U.S. DOE-RSA, Nevada DETR VR staff provided the following:

Attached are the training agendas for the new case management system for Vocational Rehabilitation called Aware VR. Training was held statewide the week of April 15, 2019. As part of the training, functionality and process were discussed, including for financial participation and including all required documentation for the case file. Sign-in sheets are also attached to demonstrate those in attendance.

Specific, targeted training on the issues outlined in the single audit findings was conducted by VR's trainer on May 8, 2019 for staff in the north. The same training is currently scheduled for staff in the south on May 21, 2019. The Power Point presentation for this training is attached. Sign-in sheets for the May 8th training are attached. (per request from NV Controller's Office, referenced attachments not included here to streamline overall file and also because no update needed).

Estimated Date of Completion: **May 2019** with additional training throughout the year.

Contact Person: Janice John, Deputy Administrator,
DETR Rehabilitation Division

Status: 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, 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.

Estimated Date of Completion: **July 2019**

Contact Person: Shelley Hendren, Administrator,
DETR Vocational Rehabilitation (VR) Division

Status: Not 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 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 – March 2020

Partially corrected. All Rehabilitation Division contracts contain the requested information, with the exception of:

16 contracts (one with each of Nevada's school districts) and 3 contracts (one with each of 3 Native American Tribal VR programs) All 19 contracts are currently pending responses/signatures from partners. We have added the information to their contracts. If the partner entities elect not to sign these new contracts, then all will expire this calendar year and the Division will be in compliance. All client service contracts include this information. Estimated date of completion is January 1, 2021.

Estimated Date of Completion: January 1, 2021

Contact Person: Shelley Hendren, Administrator,
DETR Rehabilitation Division

Status: Partially corrected

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

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

*Initial Fiscal Year
Finding Occurred:* 2018

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

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

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

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

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

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

State's Response: Nevada DETR Financial Management (FM) Bureau indicate that Grant H126A170041 had a late liquidation period and the SF-425 was submitted after the RSA-2 and as a result, the RSA-2 was not revised to match the SF-425. Internal control procedures will be updated to reflect that the sf-425 and the RSA-2 reports need to balance /tie back to each other with or without a late liquidation period. This update assumes that the policy directives received from RSA will coincide with that of the auditors. Currently, there is some contradictory language requiring clarification, therefore, DETR FM staff has requested technical assistance from RSA Program staff.

Nevada DETR's Updated Response - May 2019

In response to inquiries from U.S. DOE-RSA, Nevada DETR VR staff provided the following:

DETR's Financial Management staff requested and received technical assistance for the RSA-2 reports from Julya Doyle, RSA Fiscal Unit. In addition, the revised internal controls policy is attached.

Estimated Date of Completion: Immediate and Upon Receipt of Guidance

Contact Person: Kathleen DeSocio, MSM, CGFM
Chief Financial Officer, Financial Management Section

Status: Corrected

**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**

*Initial Fiscal Year
Finding Occurred:* 2016

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

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

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

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

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

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

State's Response: Nevada DETR, Vocational Rehabilitation (VR) agrees with this finding.

- A signed IPE to support IPE dates entered into RAISON should be present in the casefile.

- Specific targeted training and clear guidance will be given to staff statewide to emphasize the importance of capturing all signature pages of IPEs into the scanned case documents section of the case record.
- A targeted effort will also be made to review and ensure training to our designated “scanners” to ensure no documentation is missed or delayed in any way.
- VR is currently researching technology solutions such that staff would have the ability to obtain a signature on the IPE while in the field via DocuSign or a tablet that allows for signature on it. With our new case management system, Aware VR, which goes live on April 22, 2019, we will be able to electronically save the document back into the client case file.
- Supervisors & Managers will do random spot checks of open cases to review for signed Individualized Plans for Employment

Nevada DETR’s Updated Response - May 2019

No further information needed by RSA staff at this time.

Nevada DETR’s Updated Response – March 2020

Partially corrected. Nevada DETR Vocational Rehabilitation Division has replaced the RAISON System with the AWARE system which has much better capabilities. No further information needed by RSA staff at this time.

Estimated Date of Completion: **June 30, 2019**

Contact Person: Janice John, Deputy 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 above. 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 – March 2020

Partially corrected...No further information needed by RSA staff at this time.

Estimated Date of Completion: **September 30, 2019**

Contact Person: Janice John, Deputy Administrator, DETR
Rehabilitation Division

Status: Partially corrected

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

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

*Initial Fiscal Year
Finding Occurred:* 2018

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

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

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

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

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 include program income expenditures.

State's Response: Nevada DETR FM states that CFDA 84.126 program income was not coded to the correct job number and was missed from the SEFA report. The program income job number has been updated to correspond with the CFDA same job for Vocational Rehabilitation with a different suffix. In addition, the required revised reports have since been submitted with the corrected totals, etc. The procedures for assigning job numbers will be reflected to include program income as well as the internal control policy and procedures.

Nevada DETR's Updated Response - May 2019

No further information needed by DOE-RSA at this time.

Estimated Date of Completion: **June 2019**

Contact Person: Kathleen DeSocio, MSM, CGFM
Chief Financial Officer, Financial Management Section

Status: 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:

Partially corrected

Reason for Recurrence: The Public Works Division has revised its lease template as of March 2019 to include the applicable provisions to satisfy federal requirements.

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 March 13, 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 and Clean Air/Clean Water Act. However, amendments to Division contracts extending the

expiration date were not always checked for the applicable provisions in Appendix II to Pali 200.

Corrective Action: The Contract Unit will 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 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:

Reason for recurrence, if applicable: Although the coordination of verifying that required audit reports were received, reviewed and appropriately acted upon was being completed by an Accounting Assistant III and a Management Analyst III, full implementation was not completed due to heavy workload.

New corrective action: The Division has received authorization for an Auditor III and the expectation is to fill this position in October 2019. The Auditor III will work with the Accounting Assistant III, the assigned Administrative Services Officer, and program staff to ensure the audit reports are being received, reviewed, followed up, logged and tracked through completion. Management review and corrective actions/findings will be reviewed and approved by Division Administration.

Partial corrective action taken: As of March 15, 2019, the agency has updated the templates for subawards per guidance of 2 CFR Part 200. As of July 1, 2018, Risk Assessment tools were developed collaboratively by Division Fiscal and Program staff and has been implemented.

Status:

Not corrected

2018-032:

**U.S. Department of Health and Human Services
TANF Cluster:
Temporary Assistance for Needy Families (TANF), CFDA 93.558
Child Support Enforcement, CFDA 93.563**

**Cash Management
Material Weakness in Internal Control over Compliance**

*Initial Fiscal Year
Finding Occurred:*

2018

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 (the Agreement) specify that the TANF and Child Support Enforcement Programs complete draws related to program and administrative costs on Tuesday of each week and payroll on an estimated uniform basis with a true-up to actual 30-45 days after the end of a quarter.

Federal funds were not drawn using the required funding techniques and in accordance with the day draws were to be made as specified in the Agreement.

The Nevada Division of Welfare and Supportive Services (the Division) did not have internal controls to ensure that funds were drawn using the required funding techniques and in accordance with the day draws were to be made specified in the Agreement.

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

A nonstatistical sample of 27 Federal cash draws out of 167 was selected for testing for TANF. Six of the 27 Federal cash draws selected for testing were not drawn on the correct day of the week. In addition, nine of the 27 Federal cash draws included a payroll component and none of them were drawn in accordance with the funding technique.

A nonstatistical sample of 60 Federal cash draws out of 321 was selected for testing for Child Support Enforcement. 21 of the 60 Federal cash draws selected for testing were not drawn on the correct day of the week. In addition, 38 of the 60 Federal cash draws included a payroll component and none of them were drawn in accordance with the funding technique.

We recommend the Division implement internal controls to ensure that funds are drawn using the required funding techniques specified in the Agreement.

State's Response:

Corrected

Status:

Corrected

**2018-033, 2017-025,
2016-033:**

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

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

*Initial Fiscal Year
Finding Occurred:*

2016

Finding Summary: The OMB Compliance Supplement requires States ensure participants meet eligibility requirements, maintain applications, and ensure amounts provided to recipients are calculated in accordance with program requirements.

Complete applications were not always obtained, nor maintained, and certain TANF applications were not completed in full in accordance with program requirements.

The Nevada Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure eligibility determinations were performed using complete and accurate information and applications were maintained.

Ineligible individuals may be receiving TANF assistance.

A nonstatistical sample of 60 TANF cases out of a population of 2,517 was selected for testing. One instance was noted where an individual who was receiving assistance did not complete all of the required fields on the application. Another instance was noted where the Division staff could not locate the application submitted by an individual receiving benefits and therefore it was not possible to test the eligibility of the individual.

We recommend the Division enhance internal controls to ensure eligibility determinations are performed using complete and accurate information and applications are maintained.

State's Response: Corrected

Status: 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: After reviewing the documents and speaking with State Purchasing who procured these contracts, it does not appear that the Clean Air Act or Water Pollution Control Act were included in the contracts, and due to the volume of contracts procured they are unable to process amendments to correct this error. With that, moving forward, DWSS will amend its individual service agreements to include the provisions related to the Clean Air Act and Water Pollution Control Act.

Status: Partially 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: In June 2019, DWSS sent Subrecipient Acknowledgment forms to all CSEP organizations that were in contractual relationships with DWSS to acknowledge the contracts were being modified to a subaward. When DWSS made these modifications, DWSS staff performed a DUNS search and verified that the entities were not suspended or debarred; however, DWSS did not include a printout of its search. During this year's audit when DWSS was notified about the issue, DWSS staff took immediate action to perform another DUNS search as well as a suspension and debarment search on those subawards and confirmed the entities were in good standing. Printouts of those searches were placed in the respected files.

DWSS has updated its policies and procedures to include that all entities, whether contractual or subaward relationship with DWSS, must include a DUNS and suspension and debarment check; copies of the search results must be placed in the files.

Status: Partially corrected

**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: 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 Nevada Division of Welfare and Social Services (the Division) did not have internal controls in place to ensure compliance with subrecipient monitoring requirements.

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

A nonstatistical sample of three subawards out of a population of 14 was selected for testing. None of the subawards contained all the required information. In addition, we selected a nonstatistical sample of 40 payments to subrecipients out of a population of 675 and none of the payments identified the award's CFDA number.

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

State's Response:

Partial corrective action taken: The Division recently hired a Management Analyst 3 who serves as the in-charge auditor and is in the process of developing internal controls to ensure compliance with subrecipient monitoring requirements. Internal Controls are expected to be in place effective December 1, 2019.

Status:

Partially corrected

**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:

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 certain instances, more than one provider was paid 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 only one provider was paid for foster care services for a specific child on the same day.

Unallowable costs were charged to the Federal program.

We selected a nonstatistical sample of 60 providers, which represented approximately 700 months of service. We noted two instances where more than one provider was paid for foster care services for a specific child on the same day, representing 18 days of service.

We recommend the Division enhance internal controls to ensure that only one provider is paid for foster care services for a specific child on a specific day.

State's Response:

Corrected by June 30, 2020

The Concurrency Rule appears to be functioning correctly in UNITY. A duplicate payment authorization was given in error. A Potential Overpayment Report to identify when a potential duplicate payment has occurred is in the development process.

Status: Not corrected

**2018-038: U.S. Department of Health and Human Services
Foster Care – Title IV-E, CFDA 93.658
Adoption Assistance, CFDA 93.659**

**Allowable Costs/Cost Principles
Material Weakness in Internal Control over Compliance**

*Initial Fiscal Year
Finding Occurred:* 2018

Finding Summary: 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.

Various administrative accounts were allocated on a basis that did not agree to the cost allocation plan narrative. In addition, changes in the specialized training expenditures were not appropriately updated in the cost allocation.

The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls to ensure the cost allocation plan narrative appropriately reflected allocation methods or that significant updates to expenditure data were processed through cost allocation.

Administrative costs claimed exceeded what should have been claimed and the cost allocation plan narrative was inaccurate.

A nonstatistical sample of two out of four quarters was originally selected for testing. In addition, 12 of 113 accounts had allocation methods that did not agree to the cost allocation plan narrative on the December 31, 2017 cost allocation and 12 of 115 accounts had allocation methods that did not agree to the cost allocation plan narrative on the March 31, 2018 cost allocation. The questioned costs noted above reflect only the specialized training expenditure updates for all four quarters.

We recommend the Division enhance internal controls to ensure the cost allocation plan narrative appropriately reflects allocation methods and that significant updates to expenditure data is processed through cost allocation.

State's Response: Corrected by June 30, 2020

Procedures were not appropriately followed to ensure cost allocation changes followed cost allocation plan narrative. Cost allocations for the periods ending 9/30/18, 12/31/18, 3/31/19 and 6/30/19 are in the process of being revised and resubmitted along with revised billings/claims for all programs affected by incorrect cost allocations.

Status: Not corrected

**2018-039, 2017-030.
2016-039, 2015-040:**

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

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

*Initial Fiscal Year
Finding Occurred:*

2015

Finding Summary:

The *OMB Compliance Supplement* requires that non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. To ensure compliance with Eligibility, the Nevada Division of Child and Family Services (the Division) has instituted a policy requiring an individual independent of the eligibility determination review the determination.

There was no discernible evidence that some eligibility determinations were reviewed by an individual independent of the determination.

The Division did not follow its internal control policy to have an individual independent of the eligibility determination review all eligibility determinations.

Inaccurate eligibility determinations may occur, which could lead to unallowable costs being charged to the program.

A nonstatistical sample of 60 out of 248 eligibility determinations was selected for testing. Two eligibility determinations did not have discernible evidence of review by an individual independent of the eligibility determination.

We recommend the Division follow its own internal control policy to have an individual independent of the eligibility determination review all eligibility determinations.

State's Response:

Corrected April 1, 2019

Status:

Corrected

2018-040: U.S. Department of Health and Human Services
Foster Care – Title IV-E, CFDA 93.658
Adoption Assistance, CFDA 93.659

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

*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 Child and Family Services (the Division) did not have internal controls to ensure suspension and debarment verification procedures were always performed prior to entering into all subawards under Federal awards.

Payments could be made to recipients who were suspended or debarred.

The entire population of two subawards to two subrecipients was tested. No suspension and debarment verification procedures were performed for either of the subrecipients.

We recommend the Division implement internal controls to ensure suspension and debarment verification procedures are performed prior to entering into all subawards under Federal awards.

State's Response:

Corrected March 9, 2019

Status:

Corrected

**2018-041, 2017-031,
2016-041:**

U.S. Department of Health and Human Services
Foster Care – Title IV-E, CFDA 93.658
Adoption Assistance, CFDA 93.659

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

*Initial Fiscal Year
Finding Occurred:*

2016

Finding Summary:

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

A. Pass-through entities ensure that every subaward includes certain information at the time of the subaward and that the award's CFDA number is identified to the subrecipient at the time of disbursement.

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

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

A. Subawards were not issued, and the information required by Uniform Guidance was not communicated. In addition, the award's CFDA number was not identified to the subrecipient at the time of disbursement.

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

C. A management decision was not issued to a subrecipient who had audit findings.

The Nevada Division of Child and Family Services (the Division) did not have internal controls to ensure compliance with subrecipient monitoring requirements.

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

A. The entire population of two subrecipients was tested. In addition, we selected a nonstatistical sample of eight payments to subrecipients out of a population of 28. Five payments, all occurring prior to February 2018, did not include the CFDA number.

B. The entire population of two subrecipients was tested. Risk assessment was not performed for either subrecipient. In addition, monitoring was not performed in accordance with established policies for one subrecipient.

C. The entire population of two subrecipients was tested. One of the subrecipients had one finding in relation to Foster Care and Adoption Assistance and a management decision was not issued.

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

State's Response: Corrected June 30, 2019

Notification of this finding occurred mid-year resulting in a repeat finding in FY19. The DHHS Director's Office has revised the subaward templates to be used by all Divisions that include the Uniform Guidance information requirements.

Status: Partially corrected

**2018-042: U.S. Department of Health and Human Services
Foster Care – Title IV-E, CFDA 93.658
Adoption Assistance – Title IV-E, CFDA 93.659**

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

*Initial Fiscal Year
Finding Occurred:* 2018

Finding Summary: 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 and payments to subrecipients on the SEFA were understated by \$1,184,607 for Foster Care and \$3,959,412 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: Corrected April 1, 2019

The issues causing the 2018 finding were resolved through updated procedures. The 2019 finding resulted from the University General Ledger numbers falling within those identified as subrecipient payments. The Single Audit reports – SARFs and SEFA Certification Form procedures have been updated to identify the University General Ledger numbers and validate whether the payment is generated from a contract or a subaward. Future SEFA reports will be verified accurate with the Controller's Office following submission.

Status: Not corrected

**2018-043: U.S. Department of Health and Human Services
Adoption Assistance, CFDA 93.659**

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

*Initial Fiscal Year
Finding Occurred:* 2018

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

Amounts reported on the *Title IV-E Programs Quarterly Financial Report (CB-496)* were not supported by the underlying accounting information and therefore, were not reported in accordance with program requirements.

The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls to ensure the CB-496 was reported accurately.

Inaccurate information was reported to the federal awarding agency.

A nonstatistical sample of two CB-496 reports out of four was selected for testing. The following variances were noted on the March 31, 2018 CB-496 report:

- Line 23 – Column C was understated by \$101,705
- Line 23 – Column D was understated by \$50,853
- Line 24 – Column C was overstated by \$101,705
- Line 24 – Column D was overstated by \$50,583
- Line 46 – Column E was understated by 11 children

We recommend the Division enhance internal controls to ensure the CB-496 is reported accurately.

State's Response: Corrected October 1, 2018

Status: Corrected

**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: 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 \$79,930 on the December 31, 2017 CMS-21 report and by \$62,238 on the March 31, 2018 CMS-21 report (Total Computable Column).

We recommend the Division enhance internal controls to ensure CMS-21 reports are reported accurately.

State's Response: It was discovered the cause of the issue was when the data pulls from DAWN were added to the work papers, the data set was not refreshed to include all data. This caused some new data not to be included in the information reported. The oversight was mainly caused by turnover in the reporting team staff in addition to the supervisor. The Federal reporting team's procedures are being updated to include review and sign off by all staff, supervisors and Admin. This includes updating all working papers with data pulls, making sure the data is properly captured and saving for future reference. The procedures are in process of being updated and will be implemented by April 30, 2020.

Status: Not corrected

2018-045: U.S. Department of Health and Human Services
Medicaid Cluster:
State Medicaid Fraud Control Units, CFDA 93.775
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare, CFDA 93.777
Medical Assistance Program (Medicaid; Title XIX), CFDA 93.778

Special Tests and Provisions
Material Weakness in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2018

Finding Summary: The *OMB Compliance Supplement* requires that non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. To ensure compliance with provider enrollment, the Nevada Division of Health Care Financing and Policy (the Division) relies, in part, on a provider enrollment team at a third party.

The third party's procedures require the provider enrollment team to maintain a record of relevant provider information, using rules set by the Division as necessary for the operation of the Nevada Medicaid Program. The provider enrollment team validates that the provider enrollee maintains a current license and/or relevant state certification during the enrollment process.

A copy of the current license was not obtained or maintained.

The Nevada Division of Health Care Financing and Policy did not have adequate internal controls to ensure the provider enrollment team always obtained and maintained a copy of the current license for each provider.

Payments could be made to unlicensed providers.

A nonstatistical sample of 60 out of 5,079 providers was selected for testing. A current license was not available to be reviewed for seven of the providers.

We recommend the Division enhance internal controls to ensure the provider enrollment team obtains and maintains a copy of the current license for each provider.

State's Response: With the implementation of our modernized MMIS we are now able to receive a monthly report from our verification vendor Lexis Nexis listing provider exclusions or sanctions. We intend to enhance this report to request data for expired licenses.
The system enhancement has been implemented.

Status: Corrected

**2018-046, 2017-034: 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**

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

*Initial Fiscal Year
Finding Occurred:* 2017

Finding Summary:

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

Amounts reported on the *Quarterly Statement of Expenditures for the Medical Assistance Program (CMS-64)* were not supported by the underlying accounting information and therefore, were not reported in accordance with program requirements.

The Nevada Division of Health Care Financing and Policy (the Division) did not have adequate internal controls to ensure CMS-64 reports were reported accurately.

Inaccurate information was reported to the federal awarding agency.

A nonstatistical sample of two CMS-64 reports out of four was selected for testing. The following variances were noted on the December 31, 2017 CMS-64 report (Total Computable Column):

Lines 1A – 1D (in total) were overstated by \$14,190,968
Line 2A was overstated by \$22,864
Lines 5A, 5C, and 5D (in total) were understated by \$3,250,609
Line 5B was understated by \$67,522
Lines 6A and 6B (in total) were understated by \$307,938
Line 7 was overstated by \$737
Lines 7A1 – 7A6 (in total) were understated by \$895,567
Lines 9A – 9B (in total) were overstated by \$99
Line 16 was understated by \$186,253
Line 17 was overstated by \$186,253
Lines 18A, 18A1, and 18C (in total) were understated by \$12,150,529
Line 19A was overstated by \$4,660
Line 19B was understated by \$18,174
Line 23A was understated by \$4,243
Line 24A was understated by \$38,627
Line 26 was overstated by \$31,353
Line 27 was understated by \$253,783
Line 28 was understated by \$69,753
Line 29 was understated by \$61,282
Line 30 was understated by \$14,905
Line 31 was understated by \$304
Line 32 was understated by \$1,678
Line 33 was understated by \$120,179
Line 34 was understated by \$4,650
Line 35 was understated by \$36
Line 37 was understated by \$31,527
Line 38 was understated by \$25,831
Line 39 was understated by \$36,174
Line 40 was understated by \$154,562
Line 41 was overstated by \$18,968
Line 49 was understated by \$506,327

The following variances were noted on the March 31, 2018 CMS-64 report (Total Computable Column):

Line 2A was overstated by \$63,663
Lines 6A and 6B (in total) were understated by \$368,819
Lines 7A1 – 7A6 (in total) were understated by \$453,369
Lines 17A, 17B, 17C1, and 17D (in total) were overstated by \$1,629
Lines 18A, 18A1 and 18C (in total) were understated by \$1,258
Line 19A was understated by \$193,850
Line 24A was understated by \$682,597

We recommend the Division enhance internal controls to ensure CMS-64 reports are reported accurately.

State's Response: Corrected as of May 23, 2018

Status: Corrected

**2018-047: U.S. Department of Health and Human Services
Medicaid Cluster:
State Medicaid Fraud Control Units, CFDA 93.775
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare, CFDA 93.777
Medical Assistance Program (Medicaid; Title XIX), CFDA 93.778**

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

*Initial Fiscal Year
Finding Occurred:* 2018

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

Amounts reported on the *Federal Financial Report* (SF-425) were not supported by the underlying accounting information and therefore, were not reported in accordance with program requirements.

The Nevada Attorney General's Office (the Office) did not have adequate internal controls to ensure SF-425 reports were reported accurately.

Inaccurate information was reported to the federal awarding agency.

A nonstatistical sample of two SF-425 reports out of five was selected for testing. Lines 10e and 10g were each overstated by \$8,966 and lines 10j and 10l were each overstated by \$2,989 on the March 31, 2018 SF-425 report.

We recommend the Office enhance internal controls to ensure SF-425 reports are reported accurately.

State's Response: Corrected as of March 5, 2018

Status: Corrected

2018-048: U.S. Department of Health and Human Services
Block Grants for Prevention and Treatment of Substance Abuse, CFDA
93.959

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

*Initial Fiscal Year
Finding Occurred:* 2018

Finding Summary: The *OMB Compliance Supplement* requires reports submitted to the Federal awarding agency include all activity of the reporting period, are supported by applicable accounting or performance records, and are presented in accordance with program requirements.

During our testing of Table 2 of the State Agency Expenditure Report (Table 2), we noted the total expenditures of the *SA Block Grant* were understated and therefore not in accordance with the program requirements.

The Nevada Division of Public and Behavioral Health (the Division) inadvertently omitted certain expenditures of the *SA Block Grant* from Table 2, which caused it not to be presented in accordance with the program requirements.

Inaccurate information was reported to the federal awarding agency.

No sampling was used; Table 2 was tested in its entirety. The *SA Block Grant* expenditures were understated by \$668,697.

We recommend the Division enhance internal controls to ensure all expenditures of the *SA Block Grant* are included in Table 2 in accordance with the program requirements.

State's Response: As of April 1, 2019, The Divisions Fiscal/Grant Management Unit ensures expenditure information provided by program is reviewed and verified prior to giving authorization to upload the report.

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, 2018, Risk Assessment tools were developed

collaboratively by Division Fiscal and Program staff and has been implemented. 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. 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.

Status: Partially corrected

**2017-027, 2016-035,
2015-024, 2014-025:**

**U.S. Department of Health and Human Services
CCDF Cluster:
Child Care and Development Block Grant, CFDA 93.575
Child Care Mandatory and Matching Funds of the Child Care and
Development Fund, CDFA 93.596**

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

*Initial Fiscal Year
Finding Occurred:*

2014

Finding Summary:

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

Subawards did not include certain information required by Uniform Guidance and the CFDA number was not identified at the time of disbursement.

The Nevada Division of Welfare and Supportive Services (Division) and the Nevada Department of Education (Department) administer this program. Neither the Division nor the Department had internal controls in place to ensure that subawards included all information required by Uniform Guidance at the time of the subaward and that the award's CFDA number was identified to the subrecipient at the time of disbursement.

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

This program had two subrecipients at the Division and both subawards were tested. All three subawards were selected for testing at the Department as well. None of the subawards contained all the required information. In addition, we selected a nonstatistical sample of 41 out of 202 payments to subrecipients at the Division and 18 out of 68 payments at the Department and none of the payments included the CFDA number.

State's Response: (From DWSS)
Corrected

(From NDE)
Corrected as of April 2018

Status: Corrected



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 2019-001

Finding: A prior period adjustment of \$3,510,112 was required to correct certain payable amounts, which were inadvertently recorded at year-end.

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

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: Nevada Department of Transportation (NDOT) has a separate financial system, FDOT. The prior period adjustment is made due to the unavailability of the Receiver information on the Purchase Orders unit price less than \$5,000, which is handled by each agency. These Receivers are entered in FDOT but were previously not available in FSCO (the state's financial system). However, for the Purchase Orders unit price greater than \$5,000, they must go through the State Purchasing and the Receivers are entered in FSCO, which are included in the Controller's Office Purchase Encumbrance Report, and reported in the comprehensive annual financial report (CAFR).

Although NDOT Equipment Division follows the procedures to enter Receivers, it appears that a decision was made back in 1999, when FDOT was first implemented, that the Receivers for Purchase Orders that are less than \$5,000 unit price are not uploaded to FSCO nor NDOT's Data Warehouse. In the process of archiving the data from the system, NDOT IT had to request the data from EITS from 1999 to 2019. When the Controller's Office implemented a pre-CAFR procedure to meet the GAAP's requirement using the Receiving date on a Receiver as an indicator of goods and services received or not at year-end, NDOT was not informed.

Corrective Action Taken or to be Taken

Action: As soon as NDOT received the request from the Controller's Office in June 2019, the Department started to work on a solution. The information for the fiscal year 2018 and 2019 was provided and satisfied the audit.

Date of Completion or Estimated Completion: By October 29, 2019

Department or Agency Responsible for Corrective Action Plan

Agency: Nevada Department of Transportation, Accounting Division
Contact: Hua Riley, Chief Accountant
1263 S. Stewart Street
Carson City, NV 89712
775-888-7451



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2019-002

Finding: At June 30, 2018, fund balance in the Permanent School Fund was overstated by \$3,913,983.

Recommendation: We recommend the State of Nevada enhance internal controls to ensure Permanent School Fund receivables are calculated and reported accurately.

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: None

Corrective Action Taken or to be Taken

Action: The State Treasurer's Office, in conjunction with the State Controller's Office, worked together in the last fiscal year to correct the receivables noted in the Permanent School Fund. Controls have been reviewed and enhanced to ensure amounts due to the Permanent School Fund are appropriately calculated and adjusted to correctly reflect receivables going forward.

Date of Completion or Estimated Completion: Completed November 2019.

Department or Agency Responsible for Corrective Action

Agency: State Treasurer's Office
Contact: Kimberly Shafer, Deputy Treasurer-Investments
101 N. Carson Street, Suite 4
Carson City, NV 89701
775-684-7196

CARSON CITY OFFICE

State Treasurer
101 N. Carson Street, Suite 4
Carson City, Nevada 89701-4786
(775) 684-5600 Telephone
(775) 684-5623 Fax

STATE TREASURER PROGRAMS

Guinn Millennium Scholarship Program
Nevada Prepaid Tuition Program
Nevada College Savings Plans
Nevada College Kick Start Program
Unclaimed Property

LAS VEGAS OFFICE

State Treasurer
555 E. Washington Avenue, Suite 5200
Las Vegas, Nevada 89101-1074
(702) 486-2025 Telephone
(702) 486-3246 Fax



OFFICE OF THE
STATE CONTROLLER

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2019-003

Finding: A prior period adjustment of \$265,698,777 was required to correct assets that were not under control of the State of Nevada.

Recommendation: 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.

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: None

Corrective Action Taken or to be Taken

Action: Controls have been enhanced to ensure proper identification of assets under the control of the State of Nevada.

Date of Completion or Estimated Completion: Completed June 2019

Department or Agency Responsible for Corrective Action Plan

Agency: Controller's Office
Contact: Brenda Laird, CAFR Accountant II
101 N. Carson Street, Suite 5
Carson City, NV 89701
775-684-5621
blaird@controller.state.nv.us



OFFICE OF THE
STATE CONTROLLER

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2019-004

Finding: 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 the 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.

Recommendation: We recommend the State of Nevada enhance internal controls over financial reporting to ensure investment disclosures are reported consistently and accurately.

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: None

Corrective Action Taken or to be Taken

Action: Controls have been enhanced to ensure that nonnegotiable certificates of deposit are not included with investment disclosures, and that investment disclosures match those of the separately audited financial statements.

Date of Completion or Estimated Completion: January 2020

Department or Agency Responsible for Corrective Action Plan

Agency: Controller's Office
Contact: Brenda Laird, CAFR Accountant II
101 N. Carson Street, Suite 5
Carson City, NV 89701
775-684-5621
blaird@controller.state.nv.us



OFFICE OF THE
STATE CONTROLLER

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2019-005

Finding: 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.

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 2020

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



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

STEVE SISOLAK
 Governor

Kristina L. Swallow, P.E., Director
 In Reply Refer to:

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2019-006

Finding: Accounts payable is understated by \$2,609,338 and inventory is understated by approximately \$748,361.

Recommendation: We recommend the State of Nevada enhance internal controls over accounts payable and inventory.

Agency Response

Does the Agency Agree with Finding: Partially agrees

Additional Comments:

2019

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	5	6				1	2	3	4							1
7	8 ²²	9	10	11	12	13	5	6 ²⁴	7	8	9	10	11	2	3 ²⁶	4	5	6	7	8
14	15	16	17	18	19	20	12	13	14	15	16	17	18	9	10	11	12	13	14	15
21	22 ²³	23	24	25	26	27	19	20 ²⁵	21	22	23	24	25	16	17 ¹	18	19	20	21	22
28	29	30					26	27	28	29	30	31		23	24	25	26	27	28	29
														30						
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	2	3	4	5	6					1	2	3	1	2	3	4	5	6	7
7	8	9	10	11	12	13	4	5	6	7	8	9	10	8	9 ⁷	10	11	12	13	14
14	15 ³	16	17	18	19	20	11	12 ⁵	13	14	15	16	17	15	16	17	18	19	20	21
21	22	23	24	25	26	27	18	19	20	21	22	23	24	22	23 ⁸	24	25	26	27	28
28	29 ⁴	30	31				25	26 ⁶	27	28	29	30	31	29	30					

The Construction Division processes contractor payments every two weeks with the payment period beginning on Saturdays and ending on Fridays, which is indicated on the calendar above with the dates circled in green. The Department utilizes electronic software to process contractor payments so the State Controller's Office can generate contractor payments every two weeks.

Because the Department 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. 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 the majority of the payment period's work is performed.

For this audit finding, the Department determined the end of FY 19 to be June 28 pushing June 29 and 30 in FY 20. The audit finding states work was performed on June 29 since a working day was charged; this is incorrect. The assessment of working days, a contractor's performance of work, and the Department's acceptance of that work are each independent activity under the terms of the contract. Although the contractor was working on June 29, there wasn't any work documented for payment on that date because the Department had not received the required documentation from the contractor. The Department does not consider work complete and will not pay for any work until all required documentation is in place.

Corrective Action Taken or to be Taken

Action: The work completed for Design and Build Projects varies from day to day, therefore, mathematically prorating the invoices across between two fiscal years may not appropriate. Project Management Division will request contractors to split the bill between the fiscal years at the cut-off date (June 30) in the future.

Date of Completion or Estimated Completion: August 31, 2020

Action: Construction Division doesn't agree with the audit finding regarding the contractor pay \$1,125,053. Please see the explanation in the area of Additional Comments.

Date of Completion or Estimated Completion: n/a

Action: Maintenance and Asset Management Division will add an additional review for the correctness of the Stockpile report.

Date of Completion or Estimated Completion: July 30, 2020

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: Sharon Foerschler, Division Chief
1263 S. Stewart Street
Carson City, NV 89712

775-888-7228

Agency: Nevada Department of Transportation, Maintenance and Asset
Management Division

Contact: Bill Walter, Maintenance Management Coordinator 2
1263 S. Stewart Street
Carson City, NV 89712
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 2019-007

Finding: A prior period adjustment of approximately \$3,119,518,000 was required to correct infrastructure amounts, which were understated in the 2018 financial statements.

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

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: GASB 34 was implemented in the fiscal year 2002 to report infrastructure. In accordance with agency procedures developed and approved in the fiscal year 2002, completed (final vouchered) infrastructure projects were reported and Construction in Progress for infrastructure was not reported.

Corrective Action Taken or to be Taken

Action: A Construction in Progress report has been developed from the department's PSAMS and Power BI systems and satisfied the audit.

Date of Completion or Estimated Completion: January 13, 2020

Department or Agency Responsible for Corrective Action Plan

Agency: Nevada Department of Transportation, Accounting and Financial Management Divisions

Contact: Hua Riley, Chief Accountant
1263 S. Stewart Street
Carson City, NV 89712
775-888-7451

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

March 13, 2020

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 2019 which ended June 30, 2019.

Finding 2019-008: Cash Management.

Rebates were not disbursed prior to requesting funds.

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 Nevada Division of Public and Behavioral Health will provide updated training to remind staff of the importance of reconciling data entered into internal tracking spreadsheets against information provided in the daily WIC wire. Training will also include the special audit requirements on federal draws for the WIC federal grant. Additionally, in the future, the Management Analyst II or Management Analyst IV in the Grants Management Unit will contact USDA for guidance regarding corrections.

Date of Completion: Grants Management Unit: January 1, 2020

Responsible Party: Grants Management Unit: Michele Silzell, Management Analyst IV

If you have any questions, please contact Christina Hadwick, Administrative Services Officer IV at 775-684-3481 or by email at christinahadwick@health.nv.gov.

Sincerely,

Handwritten signature of Lisa Sherych in blue ink.

Lisa Sherych, Administrator

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

March 13, 2020

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 2019 which ended June 30, 2019.

Finding 2019-009: 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 March 13, 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 compliance of this requirement.

Date of Completion:

Statewide Contracts: Pending State Purchasing Division Approval

Division Contracts: Contract Unit: March 7, 2019

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.

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

Page 2

Sincerely,

A handwritten signature in blue ink, appearing to read "Lisa Sherych".

Lisa Sherych, Administrator



Steve Sisolak
Governor

STATE OF NEVADA

DEPARTMENT OF WILDLIFE

6980 Sierra Center Parkway, Suite 120

Reno, Nevada 89511

Phone (775) 688-1500 • Fax (775) 688-1495

TONY WASLEY
Director

LIZ O'BRIEN
Deputy Director

JACK ROBB
Deputy Director

March 12, 2020

Corrective Action Plan

Program: U.S. Department of the Interior, Fish and Wildlife Cluster: Sport Fish Restoration Program, CFDA 15.605; and Wildlife Restoration and Basic Hunter Education Program, CFDA 15.611.

Finding 2019-010: The Nevada Department of Wildlife (the Department) and State of Nevada Controller's Office did not have adequate communication with one another to ensure total federal expenditures and payments to subrecipients were appropriately reported on the SEFA (cash basis of accounting).

Nevada Department of Wildlife response: The Nevada Department of Wildlife accepts this finding; however, the Department is seeking guidance on how to interpret 2 Code of Federal Regulations (CFR) 200.502. The Department believes subrecipients should be reported on the SEFA using the method of accounting used by the non-federal entities.

Corrective action: Enhance communication with the State of Nevada Controller's Office to ensure total federal expenditures and payments to subrecipients are appropriately reported on a cash basis on the SEFA. Future SEFA reports will be verified accurate between the Department and Controller's Office following submission and completion of the SEFA.


Date of completion: Through recent communication with the Controller's Office, corrections have been made to the fiscal year 2019 SEFA. Communication with the Controller's Office will continue in order to ensure that the SEFA is correct annually.

Responsible party: Jordan Goshert, Administrative Services Officer 2

Reviewed and approved: Liz O'Brien, Deputy Director



Signature



Date

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:	March 10, 2020
Program:	U.S. Department of Justice, Crime Victim Assistance, CFDA 16.575
Corrective Action Plan	
Finding Number:	2019-011
Finding:	Certain applicable provisions described in Appendix II to Part 200 were not included in contracts as required.
Corrective Action Taken or To Be Taken	Ensure contracts and leases drafted by other state agencies in which the division is affiliated have included federal contract language requirements in the contract form or request for proposal.
If <u>already</u> taken, date of completion:	Contract templates were updated in February 2017. The Purchasing Division Request for Proposal template was updated to include federal language requirements on November 16, 2018. The Nevada eProcurement system has been configured to include federal language requirements when federal funding is selected was implemented in January 2018. The Division's Contract Procedures and Checklist were updated on March 1, 2019. The State's Leasing Services unit added federal language requirements to the Lease template by March 15, 2019. 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. The Division will work with the other agency to attempt to amend the contract to add the federally required contract language before the expiration date.
If to be taken, estimated date of completion:	On or before June 30, 2022.
Agency Response	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	Partially Implemented Prior Year Finding 2018-010
Division Responsible for Corrective Action	
Name, Title	Katrina Nielsen, Administrative Services Officer IV
Address	4126 Technology Way
City, State, Zip Code	Carson City, NV 89706
Phone Number	775-684-4414
Email	knielsen@dcfs.nv.gov
Reviewed and Approved	
Mandi Davis, Deputy Administrator	
Date 3/10/20	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:	March 10, 2020
Program:	U.S. Department of Justice, Crime Victim Assistance, CFDA 16.575
Corrective Action Plan	
Finding Number:	2019-012
Finding:	<i>Subgrant Award Reports (SAR)</i> were not filed timely.
Corrective Action Taken or To Be Taken	The division has updated its Grants Management Unit Policies and Procedures to ensure timely filing of <i>Subgrant Award Reports</i> within 90 days for each subrecipient.
If <u>already</u> taken, date of completion:	July 1, 2019
If to be taken, estimated date of completion:	
Agency Response	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	Fully Implemented. Prior Year Finding 2018-012.
Division Responsible for Corrective Action	
Name, Title	Katrina Nielsen, Administrative Services Officer IV
Address	4126 Technology Way
City, State, Zip Code	Carson City, NV 89706
Phone Number	775-684-4414
Email	knielsen@dcfs.nv.gov
Reviewed and Approved	
Mandi Davis, Deputy Administrator	
Date 3/10/20	Signature Mandi Davis

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:	March 10, 2020
Program:	U.S. Department of Justice, Crime Victim Assistance, CFDA 16.575
Corrective Action Plan	
Finding Number:	2019-013
Finding:	Subawards did not include certain information required by Uniform Guidance.
Corrective Action Taken or To Be Taken	The Department of Health and Human Services has updated is subaward template to include all information required by Uniform Guidance.
If <u>already</u> taken, date of completion:	July 1, 2019
If to be taken, estimated date of completion:	
Agency Response	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	Fully Implemented. Prior Year Finding 2018-014.
Division Responsible for Corrective Action	
Name, Title	Katrina Nielsen, Administrative Services Officer IV
Address	4126 Technology Way
City, State, Zip Code	Carson City, NV 89706
Phone Number	775-684-4414
Email	knielsen@dcfs.nv.gov
Reviewed and Approved	
Mandi Davis, Deputy Administrator	
Date <i>3/10/20</i>	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:	March 10, 2020
Program:	U.S. Department of Justice, Crime Victim Assistance, CFDA 16.575
Corrective Action Plan	
Finding Number:	2019-014
Finding:	The underserved population did not meet the 10% funding requirement.
Corrective Action Taken or To Be Taken	The division has updated its subaward funding and expenditure tracking processes to ensure the minimum requirements for all four of the required priority areas are met.
If <u>already</u> taken, date of completion:	July 27, 2018
If to be taken, estimated date of completion:	
Agency Response	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	Fully Implemented. Prior Year Finding 2018-015. The Grants Management Unit will be working with subrecipients to ensure that future awarded funding is expended as allocated.
Division Responsible for Corrective Action	
Name, Title	Katrina Nielsen, Administrative Services Officer IV
Address	4126 Technology Way
City, State, Zip Code	Carson City, NV 89706
Phone Number	775-684-4414
Email	knielsen@dcfs.nv.gov
Reviewed and Approved	
Mandi Davis, Deputy Administrator	
Date <i>3/10/20</i>	Signature <i>Mandi Davis</i>

**State of Nevada
Department of Employment, Training and Rehabilitation (DETR)
Responses to Single Audit Findings**

Year 2019

For the Year Ended June 30, 2019

**U.S. Department of Labor
WIOA Cluster**

CFDA 17.258, 17.259, 17.278

CORRECTIVE ACTION PLAN

Finding 2019-015

Certain data elements in the WIOA Participant Individual Record Layout Report (PIRL) were reported inaccurately.

A non-statistical 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), where the median wage reported did not agree to underlying support.

Recommendation

We recommend the Department enhance the internal controls to ensure that all information in the PIRL is accurate and supported by underlying information.

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**.*

Date of Completion: *March 6, 2020*

Contact Person: *Nancy St. Clair, Business Process Analyst III, DETR/ESD/WISS
(775)684-0325, njstclair@detr.nv.gov*

Nevada Department of Employment, Training and Rehabilitation
 Workforce Investment Support Services
 Kristine Nelson
 1923 N. Carson Street, Suite 200
 Carson City, NV 89706
 (775) 684-0304

NOTICE OF SUBGRANT AWARD – FAIN # will be added upon receipt from DOL

Grantee:	Contract ID: PY -DW-02-WIOA Contract #:		
	CFDA#: 17.278 WIOA DW Program		
DUNS #:			
Contact:	Project: Dislocated Worker		
Telephone:	Grant Period: July 1, 20 - June 30, 202		
Email:	Amendment: YES <input type="checkbox"/> NO <input type="checkbox"/> Amendment #: _____		
Project Description: Administration, training and support services			
Service Area: counties			
Allocated Budget	\$		
Other – TEGL updates/changes	\$	Other (e.g., Transfer funds from/to A and DW)	\$
	\$	Other	\$
	\$		
	\$		
Subtotal	\$	Total	\$
Source of Funds:			
Award funds were made available to the State of Nevada (DETR) by Department of Labor on April 10, 2019 as outlined in Training and Employment Guidance Letter (TEGL) 16-18.			
Funding for the subgrant is made available under WIOA and is distributed to Workforce Connections as per this subaward. The Budget Detail / Scope of Work (Attachment AA) is based on the grant Period (identified above.) Future subaward funding is contingent upon performance outcomes and availability of funds.			
Disbursement of funds:			
Expense(s) submitted for reimbursement must align with 2 CFR 200. Funds will be reimbursed in accordance with grant instructions in Attachment EE General Assurances, Certifications and Other Provisions. Total reimbursement (#2 below*) will not exceed \$ _____ during the grant period.			
Terms and Conditions: In accepting these grant funds, the recipient understands and agrees to the following:			
1. Expenditures must comply with any statutory guidelines as well as the State Administrative Manual.			
2. * This award is subject to the availability of appropriate funds. In the event that the U.S. Department of Labor reduces or increases Nevada's allotment, Subgrantee will share in the reduction or increase, at the same ratio as their contribution to the reduction or increase.			
3. Compliance with Contract Provisions for Non-Federal Entity Contracts under Federal Awards (in accordance with 2 CFR 200, Appendix II) in Attachment DD.			
4. An approved cost allocation plan is attached to the budget submitted and found in Attachment AA. Indirect cost n/a per 2CFR 200.331(4).			
5. Compliance with the General Assurances, Certifications and Other Provisions in Attachment EE.			
6. Expenditures must be consistent with the Scope of Work and budget as approved and documented in Attachment AA.			
7. Subgrant does not include funding of Research and Development (R&D).			

PY__-DW-02-WIOA

Page 1 of 2

Approved revision, March 2020

8. Quarterly progress reports are due by the last working day of the month following the end of the quarter, unless specific exceptions are provided in writing by the grant administrator.
9. Financial Status Reports must be submitted at least quarterly, unless specific exceptions are provided in writing by the grant administrator.
10. The State will process payment when an approved request for funds form is received and approved by the Department, normally once each week.
11. As condition of the subgrant, full access to grant records and documentation will be given to DETR, WISS, DOL, auditors or others as necessary to verify compliance with program requirements.
12. A subgrant close out package must be submitted to the state no later than 90 days after the expiration of the grant period or when funds have been fully expended prior to the expiration date. Close out package should reflect the total dollar amount under the grant, an inventory list and a disposal list.
13. Incorporated Documents: Scope of Work / Budget – Attachment AA Contract Provisions for Non-Federal Entity Contracts Under Federal Awards – Attachment DD General Assurances – Attachment EE

Signatures:

Date:

Authorized Official,
, Executive Director

Authorized Official, DETR
Kimberly Gaa, Administrator

Authorized Official, DETR
Dr. Tiffany G. Tyler-Garner, Director

Finding 2019-016

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

A non-statistical 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 non-statistical 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 30 of the 60 payments.

Recommendation

We recommend the Department enhance internal controls to ensure subawards contain all required information and that the CFDA is communicated on each subrecipient payment.

Nevada DETR’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**.*

Estimated 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.

Estimated Date of Completion: Immediate and upon further guidance

Contact Person: Kathleen DeSocio, MSM, CGFM
Chief Financial Officer, Financial Management Section

Nevada Department of Employment, Training and Rehabilitation
 Workforce Investment Support Services
 Kristine Nelson
 1923 N. Carson Street, Suite 200
 Carson City, NV 89706
 (775) 684-0304

NOTICE OF SUBGRANT AWARD – FAIN # will be added upon receipt from DOL

Grantee:	Contract ID: PY -DW-02-WIOA Contract #:		
	CFDA#: 17.278 WIOA DW Program		
DUNS #:			
Contact:	Project: Dislocated Worker		
Telephone:	Grant Period: July 1, 20 - June 30, 202		
Email:	Amendment: YES <input type="checkbox"/> NO <input type="checkbox"/> Amendment #: _____		
Project Description: Administration, training and support services			
Service Area: counties			
Allocated Budget	\$		
Other – TEGL updates/changes	\$	Other (e.g., Transfer funds from/to A and DW)	\$
	\$	Other	\$
	\$		
	\$		
Subtotal	\$	Total	\$
Source of Funds:			
Award funds were made available to the State of Nevada (DETR) by Department of Labor on April 10, 2019 as outlined in Training and Employment Guidance Letter (TEGL) 16-18.			
Funding for the subgrant is made available under WIOA and is distributed to Workforce Connections as per this subaward. The Budget Detail / Scope of Work (Attachment AA) is based on the grant Period (identified above.) Future subaward funding is contingent upon performance outcomes and availability of funds.			
Disbursement of funds:			
Expense(s) submitted for reimbursement must align with 2 CFR 200. Funds will be reimbursed in accordance with grant instructions in Attachment EE General Assurances, Certifications and Other Provisions. Total reimbursement (#2 below*) will not exceed \$ _____ during the grant period.			
Terms and Conditions: In accepting these grant funds, the recipient understands and agrees to the following:			
1. Expenditures must comply with any statutory guidelines as well as the State Administrative Manual.			
2. * This award is subject to the availability of appropriate funds. In the event that the U.S. Department of Labor reduces or increases Nevada’s allotment, Subgrantee will share in the reduction or increase, at the same ratio as their contribution to the reduction or increase.			
3. Compliance with Contract Provisions for Non-Federal Entity Contracts under Federal Awards (in accordance with 2 CFR 200, Appendix II) in Attachment DD.			
4. An approved cost allocation plan is attached to the budget submitted and found in Attachment AA. Indirect cost n/a per 2CFR 200.331(4).			
5. Compliance with the General Assurances, Certifications and Other Provisions in Attachment EE.			
6. Expenditures must be consistent with the Scope of Work and budget as approved and documented in Attachment AA.			
7. Subgrant does not include funding of Research and Development (R&D).			

8. Quarterly progress reports are due by the last working day of the month following the end of the quarter, unless specific exceptions are provided in writing by the grant administrator.
9. Financial Status Reports must be submitted at least quarterly, unless specific exceptions are provided in writing by the grant administrator.
10. The State will process payment when an approved request for funds form is received and approved by the Department, normally once each week.
11. As condition of the subgrant, full access to grant records and documentation will be given to DETR, WISS, DOL, auditors or others as necessary to verify compliance with program requirements.
12. A subgrant close out package must be submitted to the state no later than 90 days after the expiration of the grant period or when funds have been fully expended prior to the expiration date. Close out package should reflect the total dollar amount under the grant, an inventory list and a disposal list.
13. Incorporated Documents: Scope of Work / Budget – Attachment AA Contract Provisions for Non-Federal Entity Contracts Under Federal Awards – Attachment DD General Assurances – Attachment EE

Signatures:

Date:

Authorized Official,
, Executive Director

Authorized Official, DETR
Kimberly Gaa, Administrator

Authorized Official, DETR
Dr. Tiffany G. Tyler-Garner, Director

Finding 2019-017

Amounts were originally reported incorrectly 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 \$2,877,297 and \$1,625,139 respectively.

Recommendation

We recommend the Department enhance internal controls to ensure total federal expenditures and payments to subrecipients are appropriately reported on the SEFA.

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.

Estimated Date of Completion: March 31, 2020

Contact Person: **Kitty DeSocio**, Chief Financial Officer, (775) 684-3878,
kbdesocio@detr.nv.gov

STEVE SISOLAK
Governor



STATE OF NEVADA
**NEVADA DEPARTMENT OF VETERANS
SERVICES**

6630 S. McCarran Blvd., Bldg. C-204
Reno, Nevada 89509
(775) 688-1653 • Fax (775) 688-1656

March 16, 2020

Veterans Health Administration
Department of Veterans Affairs
Grants to States for Construction of State Home Facilities
Attn: Anna Gaug, Deputy Director
Thomas Graves 810 Vermont Avenue N.W.
Washington, District of Columbia 20420

Ms. Gaug,

The Department of Veterans Services (NDVS) is submitting the following corrective action plan for the Single Audit Report that was conducted for CFDA 64.005, Grants to States for Construction of State Home Facilities:

Finding 2019-018

The Department did not have adequate controls to monitor total federal expenditures, including approved pre-award costs.

Recommendation

The Department should enhance internal controls to monitor total federal expenditures, including approved pre-award costs.

Response

NDVS agrees with this finding. NDVS understands that the ultimate responsibility to ensure compliance to the grant requirements is on NDVS as the memorandum of agreement is between NDVS and the Veterans Administration. This project involves two separate State agencies, NDVS and Department of Administration, State Public Works Division (SPWD). SPWD's contracting and financial processes are not ran by NDVS and NDVS has no authority over SPWD. NDVS was unaware of the pre-award expenditures that were incurred by SPWD until after the award was approved and the reimbursement process began.

Corrective Action

NDVS will work with SPWD to develop a procedure where contracting and financial

"Serving Nevada's Heroes"

processes that are involved with the grant are approved by NDVS before finalization to ensure compliance with grant requirements. This procedure will delineate the lines of authority along with the step-by-step process. This will ensure that NDVS is aware of all expenditures at the time of encumbrance instead of later. The contact person for this corrective action is Amy Garland, Executive Officer, NDVS.

Anticipated Implementation Date

NDVS will work with SPWD on the process within the next six months. An approved written procedure between the two Departments will be completed by September 1, 2020.

Finding 2019-019

While no instances of noncompliance were noted, there was no discernable evidence of appropriate segregation of duties in preparation of reimbursement requests (SF-271 reports).

Recommendation

The Department should enhance internal controls to evidence appropriate segregation of duties.

Response

NDVS agrees with this finding. While NDVS ensures segregation of duties for the reimbursement process, there is no written documentation of this segregation.

Corrective Action

NDVS will update the written procedures on grant reimbursements to include initials of the person performing each step to ensure documentation of the segregation. The contact person for this corrective action is Amy Garland, Executive Officer, NDVS.

Anticipated Implementation Date

NDVS will update the written procedures by May 1, 2019 and implemented the new process on March 5, 2020 following the Exit Conference for the Single Audit Report.

Finding 2019-020

The Department did not have adequate internal controls to ensure contracts under Federal awards contained all the applicable provisions.

Recommendation

The Department should enhance internal controls to ensure all contracts under Federal awards contain the applicable provisions.

Response

NDVS agrees with this finding. NDVS understands that the ultimate responsibility to

ensure compliance to the grant requirements is on NDVS as the memorandum of agreement is between NDVS and the Veterans Administration. This project involves two separate State agencies, NDVS and Department of Administration, State Public Works Division (SPWD). SPWD's contracting and financial processes are not ran by NDVS and NDVS has no authority over SPWD.

Corrective Action

NDVS will work with SPWD to develop a procedure where contracting and financial processes that are involved with the grant are approved by NDVS before finalization to ensure compliance with grant requirements. This procedure will delineate the lines of authority along with the step-by-step process. The contact person for this corrective action is Amy Garland, Executive Officer, NDVS.

Anticipated Implementation Date

NDVS will work with SPWD on the process within the next six months. An approved written procedure between the two Departments will be completed by September 1, 2020.

Finding 2019-021

The Department did not have adequate internal controls to ensure total federal expenditures were appropriately reported on the Schedule of Expenditures of Federal Awards (SEFA).

Recommendation

The Department should enhance internal controls to ensure total federal expenditures are appropriately reported on the SEFA.

Response

NDVS agrees with this finding. This relates to finding 2019-018. NDVS was unaware of the pre-award expenditures that were incurred by SPWD until after the award was approved and the reimbursement process began which prevented these amounts from being reported on the SEFA.

Corrective Action

Information was submitted to the State Controller's Office on February 20, 2020 to correct the SEFA to report the correct amount. To ensure future SEFA reporting is accurate, NDVS will work with SPWD to develop a procedure where contracting and financial processes that are involved with the grant are approved by NDVS before finalization to ensure compliance with grant requirements. This procedure will delineate the lines of authority along with the step-by-step process. The contact person for this corrective action is Amy Garland, Executive Officer, NDVS.

Single Audit Report Response
March 16, 2020
Page 4

Anticipated Implementation Date

NDVS will work with SPWD on the process within the next six months. An approved written procedure between the two Departments will be completed by September 1, 2020.

If you have any questions or need any additional information, please contact me at (775)825-9750 or garlanda@veterans.nv.gov.

Sincerely,



Amy Garland

Amy Garland
Executive Officer
Department of Veterans Services

Cc: Kurt Schlicker, CPA, Eide Bailly
Tammy Goetze, Audit Supervisor, Legislative Counsel Bureau
Katherine Miller, Director, NDVS



STATE PUBLIC CHARTER SCHOOL AUTHORITY

Corrective Action Plan for SSFY 2019 Single Audit Findings

Finding #2019-022 – Title I Grants to Local Educational Agencies, CFDA 84.010 – Subrecipient Monitoring – Material Weakness in Internal Control over Compliance and Material Noncompliance

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

Authority Response

The Authority has reviewed and accepts this finding.

Corrective Action

Condition A

The Authority has implemented inclusion of all required information on subawards per 2 CFR 200.331 (Requirements for pass-through entities) as of SFY 2020.

Condition B

The Authority has taken steps in SFY 2020 to develop and implement processes and procedures to evaluate each subrecipient's risk of non-compliance. The Authority has recently developed a pilot risk assessment and has requested that each subrecipient complete the risk assessment. It is anticipated that the Authority will receive risk assessments from each subrecipient and compile risk assessment data by the end of SFY 2020 and use this data to determine levels of risk and an appropriate monitoring plan for each risk level for SFY 2021. The Authority is also piloting desktop monitoring and onsite monitoring protocols that will be associated with risk level and these protocols will be used to build appropriate monitoring plans. The Authority is evaluating current staffing capacity to meet these full requirements and is committed to achieving full implementation. Full implementation of risk assessment and subrecipient monitoring will also require comprehensive training for available staff and ongoing technical assistance for subrecipients. The Authority expects that corrective action will be fully implemented by the end of SFY 2021.

Condition C

The Authority has taken steps in SFY 2020 to develop and implement processes and procedures for review of required subrecipient audit reports and to follow up with subrecipients concerning timely corrective action on all audit findings. It is expected that corrective action pursuant to this item will be completed by the end of SFY 2020, and that updated processes and procedures concerning the review of required audits for subrecipients will be fully implemented in SFY 2021.

Authority Personnel Responsible for Corrective Action Plan

Rebecca Feiden, Executive Director; Debbie Bowman, Director of Finance & Operations; Kerry Howard, Fiscal Education Program Professional

Finding #2019-025 - Special Education Cluster – Procurement, Suspension, Debarment – Material Weakness in Internal Control over Compliance and Material Noncompliance

We recommend that the Authority implement internal controls to ensure suspension and debarment verification procedures are performed prior to entering into all subawards under Federal awards.

Authority Response

The State Public Charter School Authority has reviewed and accepts this finding.

Corrective Action

The Authority has implemented inclusion of a suspension and debarment clause in all SFY 2020 subawards and has requested certifications from all subrecipients to verify that subawards of Federal funds are not provided to entities that are suspended or debarred.

Authority Personnel Responsible for Corrective Action Plan

Rebecca Feiden, Executive Director; Debbie Bowman, Director of Finance & Operations; Kerry Howard, Fiscal Education Program Professional

Finding #2019-026 – Special Education Cluster – Subrecipient Monitoring – Material Weakness in Internal Control over Compliance and Material Noncompliance

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

Authority Response

The Authority has reviewed and accepts this finding.

Corrective Action

Condition A

The Authority has implemented inclusion of all required information on subawards per 2 CFR 200.331 (Requirements for pass-through entities) as of SFY 2020.

Condition B

The Authority has taken steps in SFY 2020 to develop and implement processes and procedures to evaluate each subrecipient’s risk of non-compliance. The Authority has recently developed a pilot risk assessment and has requested that each subrecipient to complete the risk assessment. It is anticipated that the Authority will receive risk assessments from each subrecipient and compile risk assessment data by the end of SFY 2020 and use this data to determine levels of risk and an appropriate monitoring plan for each risk level for SFY 2021. The Authority is also piloting desktop monitoring and onsite monitoring protocols that will be associated with risk level and these protocols will be used to build appropriate monitoring plans. The Authority is evaluating current staffing capacity to meet these full requirements and is committed to achieving full implementation. Full implementation of risk assessment and subrecipient monitoring will also require comprehensive training for available staff and ongoing technical assistance for

subrecipients. The Authority expects that corrective action will be fully implemented by the end of SFY 2021.

Condition C

The Authority has taken steps in SFY 2020 to develop and implement processes and procedures for review of required subrecipient audit reports and to follow up with subrecipients concerning timely corrective action on all audit findings. It is expected that corrective action pursuant to this item will be completed by the end of SFY 2020, and that updated processes and procedures concerning the review of required audits for subrecipients will be fully implemented in SFY 2021.

Authority Personnel Responsible for Corrective Action Plan

Rebecca Feiden, Executive Director; Debbie Bowman, Director of Finance & Operations; Kerry Howard, Fiscal Education Program 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.



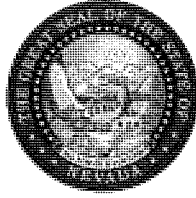
Debbie I. Bowman, Administrative Services Officer III
Director of Finance and Operations



Date

Steve Sisolak
Governor

Jhone M. Ebert
Superintendent of
Public Instruction



Southern Nevada Office
2080 E. Flamingo Road,
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(702) 486-6458
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STATE OF NEVADA
DEPARTMENT OF EDUCATION
700 E. Fifth Street | Carson City, Nevada 89701-5096
Phone: (775) 687-9200 | www.doe.nv.gov | Fax: (775) 687-9101

March 18, 2020

To: Whom it May Concern

From: Heidi Haartz, Deputy Superintendent *Heidi K Haartz*
Business and Support Services

Subject: Status of Corrective Action on FY 2019 Audit Findings

This letter is in response to the annual 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, 2019. The audit findings pertain to the Federal Title I, Special Education, and Temporary Assistance for Needy Families (TANF) programs listed below:

Title I Grants to Local Educational Agencies, CFDA 84.010
Special Education Cluster:

- Special Education Grants to States, CFDA 84.027
- Special Education Preschool Grants, CFDA 84.173

Temporary Assistance for Needy Families (TANF), CFDA 93.558

Below are the Department of Education's responses to audit findings: 2019-022, 2019-023, 2019-024, 2019-025, 2019-026, and 2019-030

Finding #2019-022 – Title I Grants to Local Education Agencies, CFDA 84.010
Subrecipient Monitoring - Material Weakness in Internal Control over Compliance and Material Noncompliance resulted in the following Eide Bailly, LLP recommendation:

Eide Bailly, LLC recommends the Department enhance internal controls to ensure compliance with subrecipient monitoring requirements.

NDE Response

The NDE has reviewed and accepts this finding.

Corrective Action

Condition A

Subaward Information

NDE ensures that every subaward includes all information required by the Uniform Guidance. Subawards issued in hard copy have included all required information and subawards issued in an electronic format were corrected through an enhancement to the existing software application. This action was fully implemented in March 2020.

Subaward Payments

NDE subawards issued in a hard copy format have included CFDA numbers. During FY19, NDE initiated collaboration with the Electronic Plans, Applications, Grants and Expenditures (ePAGE) vendor to add the CFDA numbers to subawards issued via the ePAGE system. This corrective action will be fully implemented in March 2020.

Condition B

The Nevada Department of Education remains committed to a Department-wide Subrecipient Risk Assessment and Monitoring procedure for all NDE subrecipients and continues progress towards full implementation. Beginning in the summer of 2018 through January 2019, a total of 92 subrecipients were contacted to complete a risk assessment questionnaire. A total of 88 subrecipients responded and received risk assessment scores.

In summer of 2019, the Nevada Legislature approved a position for NDE to focus on risk assessments. This position was filled in November 2019. With the addition of newly dedicated staff, NDE began subrecipient monitoring in January 2020. Monitoring was implemented based on the attached schedule and in accordance with the level of risk assessed.

Additionally, the risk assessment process is being enhanced to include both fiscal and programmatic indicators, which will produce a robust assessment of each subrecipient's overall grant performance. Development of a revised monitoring schedule is contingent upon resulting assessment scores, which are anticipated to be available in the next few months.

Within the next three months, the NDE will:

- Finalize the revised risk assessment tool
- Conduct risk assessments of all NDE subrecipients
- Notify subrecipients of their updated risk score
- Update monitoring schedule based on the revised scores
- Implement the updated monitoring schedule

Condition C

NDE will continue to develop and improve procedures to verify that audits were performed on subrecipients as required.

Division Responsible for Corrective Action Plan

Lynn Hoffman, Administrative Services Officer, District Support Services

Finding #2019-023 – 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, LLC 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 ensure that LEA's are submitting District Test Security Plans by September 1 of each year to the State Board of Education and the Legislative Counsel Bureau, as required by the State of Nevada's Assessment Security System Procedures.

Division Responsible for Corrective Action Plan

Peter Zutz, Director, Assessment, Data and Accountability Management

Finding #2019-024 – Special Education Cluster
Grants to States (CFDA 84.027) & Preschool Grants (CFDA 84.173)

Earmarking – Significant Deficiency in Internal Control over Compliance resulted in the following recommendation

Eide Bailly, LLC recommends that the Department enhance internal controls to ensure administrative dollars are not claimed in excess of the maximum reserve.

NDE Response: The NDE has reviewed and accepts this finding.

Corrective Action

Prior to the FY19 audit, NDE developed and fully implemented a grants management tracking spreadsheet for administrative and aid dollars, which ensures that funding is not spent in excess of the allowable amounts. This was completed in the last half of the calendar year 2019 and was not reflected in the audit.

Division Responsible for Corrective Action Plan

Administrative Services Officer, Department Support Services

**Finding #2019-025 – Special Education Cluster
Grants to States (CFDA 84.027) & Preschool Grants (CFDA 84.173)**

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

This finding is specific to the Nevada State Public Charter School Authority (SPCSA), which is not part of NDE. SPCSA has indicated that they will be responding to this finding directly.

**Finding #2019-026 – Special Education Cluster
Grants to States (CFDA 84.027) & Preschool Grants (CFDA 84.173)**

Subrecipient Monitoring - Material Weakness in Internal Control over Compliance and Material Noncompliance resulted in the following recommendation

Eide Bailly, LLC recommends the Department enhance internal controls to ensure compliance with subrecipient monitoring requirements.

NDE Response

The NDE has reviewed and accepts this finding.

Corrective Action

Condition A

Subaward Information

NDE ensures that every subaward includes all information required by the Uniform Guidance. Subawards issued in hard copy have included all required information and subawards issued in an electronic format were corrected through an enhancement to the existing software application. This action was fully implemented in March 2020.

Subaward Payments

NDE subawards issued in a hard copy format have included CFDA numbers. During FY19, NDE initiated collaboration with the Electronic Plans, Applications, Grants and Expenditures (ePAGE) vendor to add the CFDA numbers to subawards issued via the ePAGE system. This corrective action will be fully implemented in March 2020.

Condition B

The Nevada Department of Education remains committed to a Department-wide Subrecipient Risk Assessment and Monitoring procedure for all NDE subrecipients and continues progress towards full implementation. Beginning in the summer of 2018 through January 2019, a total of

92 subrecipients were contacted to complete a risk assessment questionnaire. A total of 88 subrecipients responded and received risk assessment scores.

In summer of 2019, the Nevada Legislature approved a position for NDE to focus on risk assessments. This position was filled in November 2019. With the addition of newly dedicated staff, NDE began subrecipient monitoring in January 2020. Monitoring was implemented based on the attached schedule and in accordance with the level of risk assessed.

Additionally, the risk assessment process is being enhanced to include both fiscal and programmatic indicators, which will produce a robust assessment of each subrecipient's overall grant performance. Development of a revised monitoring schedule is contingent upon resulting assessment scores, which are anticipated to be available in the next few months.

Within the next three months, the NDE will:

- Finalize the revised risk assessment tool
- Conduct risk assessments of all NDE subrecipients
- Notify subrecipients of their updated risk score
- Update monitoring schedule based on the revised score
- Implement the updated monitoring schedule

Condition C

The sampling for this finding indicates the audit was performed on documents made available through the State Public Charter School Authority (SPCSA). The Department defers the response to this question to SPCSA, which has indicated it will respond directly.

Division Responsible for Corrective Action Plan

State Public Charter School Authority (SPCSA)

Finding #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 resulted in the following recommendation

Eide Bailly, LLC recommends the Division and the Department implement internal controls to ensure subawards include all information required by Uniform Guidance and the Department ensures procedures are put in place to monitor subrecipients during the year.

NDE Response

The NDE has reviewed and accepts this finding for any subawards issued by the department and defers to the Nevada Division of Welfare and Support Services for its response to this question because the documents referred to are retained at the Division.

Corrective Action

Conditions A, B, and C: The Nevada Department of Education will address this finding with the same actions as detailed above in Finding #2019-022.

Division Responsible for Corrective Action Plan

Lynn Hoffman, Administrative Services Officer, District Support Services

**State of Nevada
Department of Employment, Training and Rehabilitation (DETR)
Responses to Single Audit Findings
For the Year Ended June 30, 2019**

Year 2019

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

CORRECTIVE ACTION PLAN

Finding 2019-027

Pre-employment transition services were not expended at the minimum 15 percent. 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.

Recommendation

We recommend the Department enhance internal controls to ensure compliance with earmarking requirements.

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.

Estimated Date of Completion: September 30, 2022

Contact Person: Shelley Hendren, Administrator, DETR Vocational Rehabilitation (VR) Division

10/10/2018

TECHNICAL MANUAL FOR FISCAL PROCESSES: PRE-EMPLOYMENT TRANSITION SERVICES (PRE-ETS)

- I. Establishment of Pre-ETS Reserve Fund and
- II. Pre-ETS Expenditures Recording & Monitoring

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VOCATIONAL REHABILITATION PRE-EMPLOYMENT TRANSITION SERVICES (PRE-ETS): *TECHNICAL MANUAL FOR FISCAL PROCESSES*

I. PRE-ETS OVERVIEW

The Workforce Innovation and Opportunity Act (WIOA) was signed into law on July 22, 2014 to reauthorize the Workforce Investment Act of 1998. This created new policies and rules about the way that Vocational Rehabilitation (VR) operates and it places an emphasis on working with transition aged students. WIOA is designed to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy. A major component of WIOA is the shared common performance measures across all the workforce programs.

UNDER WIOA SPECIFIC TRANSITION SERVICES ARE IMPLEMENTED. NEVADA VR "WILL RESERVE AND EXPEND NOT LESS TO THAN 15 PERCENT OF THE FEDERAL ALLOTMENT TO PROVIDE, OR ARRANGE FOR THE PROVISION OF, PRE-EMPLOYMENT TRANSITION SERVICES FOR STUDENTS WITH DISABILITIES TRANSITIONING FROM SCHOOL TO POSTSECONDARY EDUCATION PROGRAM AND EMPLOYMENT."

I-A) WHAT ARE PRE-ETS?

Pre-Employment Transition Services (§361.48(a)) (Pre-ETS) are a group of new services required under WIOA. Nevada's Rehabilitation Division will, in collaboration with local educational agencies involved, provide or arrange for the provision of, pre-employment transition services for all students with disabilities in need of such services, without regard to the type of disability, from Federal funds reserved in accordance with §361.65, and any funds made available from State, local, or private funding sources. Funds reserved and made available may be used for the required, authorized, and pre-employment transition coordination activities. These services are an early start at job exploration that:

- ❖ Assist students with identifying career interests to be further explored through additional VR services, including transition services;
- ❖ Must be made available Statewide to all students with disabilities in need of such services, regardless of whether a student has applied for VR services;
- ❖ May begin once a student requests or is recommended for one or more pre-employment transition services and one of the acceptable forms of documentation of a disability is provided to the VR agency (e.g., IEP, transition plan, school psychological, or other medical documentation of a disability);
- ❖ Must be provided or coordinated in collaboration with Local Educational Agencies (LEAs); and

Pre-ETS Funds Expenditure Requirements: Fiscal Guidance Summary –

- I. Reserve and expend at least 15 percent of NV VR's federal Section 110 grant award.
- II. The reserved funds **must** be used solely for the provision of pre-employment transition services.
- III. This is not another source of funding or a separate grant, but an added requirement of the existing Section 110 grant funds.

- ❖ Are the only activities that can be paid for with the funds reserved under section 110(d)(1) of the above referenced Act.

I-B) PRE-ETS REQUIREMENTS & GUIDANCE

The Program, pursuant to section 110(d) of the Rehabilitation Act of 1973, as amended (Rehabilitation Act), reserves at least 15 percent of their vocational rehabilitation allotments for the provision of pre-employment transition services. The reserved funds must be spent on providing, or arranging for the provision of, pre-employment transition services outlined in section 113 of the Rehabilitation Act to students with disabilities.

THE RESERVED FUNDS MUST ADHERE TO ALL OF THE FOLLOWING REQUIREMENTS:

1. Only be used for pre-employment transition services;
2. Ensure availability of services. Pre-employment transition services must be made available Statewide to all students with disabilities, regardless of whether the
3. Not be used to pay for "administrative costs", associated with the provision of such services or any other vocational rehabilitation
4. First provide "required" pre-employment transition service activities to all eligible students with disabilities as well as carry out certain "coordination" activities, as described in section 113(d) of the Rehabilitation Act, related to the provision of pre-ETS services.
5. The funds may also be used to provide the "authorized" activities if the reserved funds remain after students with disabilities have received the "required" activities.
6. The reserved funds cannot be used for any other purpose the three categories listed in listed in #3 & #4.

EARLIEST AGE TO RECEIVE PRE-EMPLOYMENT TRANSITION SERVICES

- States may provide pre-employment transition services at an earlier age than is permitted for the provision of transition services under IDEA.
- If a State elects to provide pre-employment transition services at an earlier age, both VR agencies, if there are two in a State, must agree to the earlier age.
- If an earlier age is agreed to, both VR agencies in the State must implement that age when providing pre-employment transition services.
- If a State hasn't decided to provide pre-employment transition services at an earlier age, the earliest age to receive transition services under IDEA would apply to both VR agencies.
- *In Nevada, the state selected age 16 as the minimum age to receive Pre-ETS.*

Important Definitions:

Administrative costs (§361.5(c)(2))

Means expenditures incurred in the performance of administrative functions under the vocational rehabilitation program carried out under this part, including expenses related to program planning, development, monitoring, and evaluation.

TRANSITION-RELATED SERVICES

Continuum of services available to students and youth with disabilities, as applicable, through the VR program include:

- Pre-employment transition services (section 113 of the Act and 361.48(a))
 - ✓ Available only to students with disabilities; and
 - ✓ VR Application and IPE are not required.
 - ✓ Are tracked and reported on an individual level, even if its provided in a group setting. Its allowable for Pre-ETS services but has to be tracked based on each individual service provided
- Group transition services (section 103(b)(7) of the Act and §361.49(a)(7))
 - ✓ Available to both students and youth with disabilities; and
 - ✓ VR Application and IPE are not required.
 - ✓ These services are unallowable to be delivered using Pre-ETS reserve funds.
- Individualized transition and other VR services (section 103(a) of the Act and §361.48(b))
 - ✓ Available to all eligible individuals; and
 - ✓ VR Application and IPE are required.

Important Definitions:

Student with a Disability (§361.5 (c)(51))

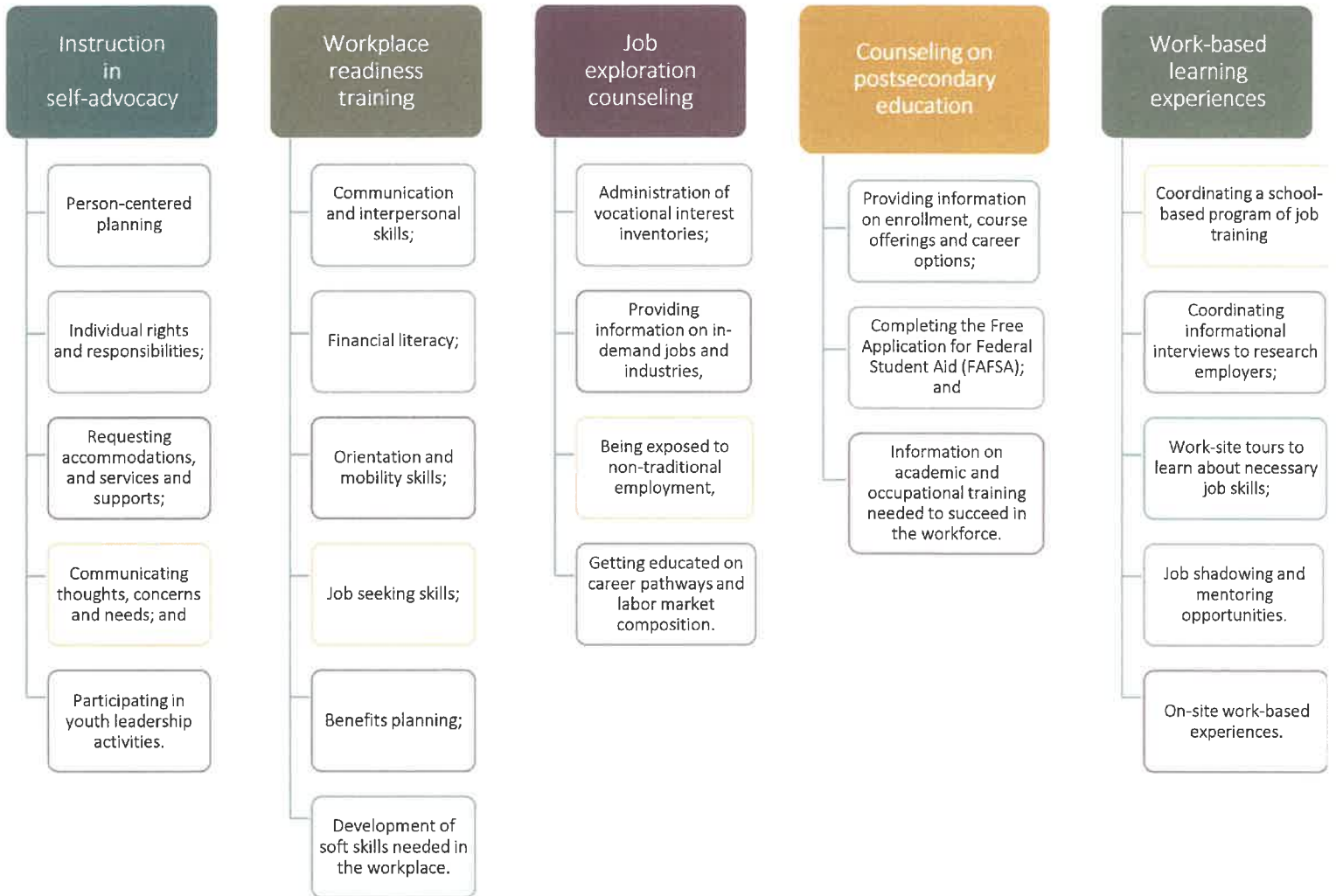
... is an individual who:

- 1.** Is in an educational program; **and**
- 2.** Is 16 – 21 years old (up to 22nd birthday) if receiving transition services under the Individuals with Disabilities Education Act (IDEA); **and**
- 3.** Meets any of the following criteria:
 - Is eligible and receiving special education or related services under the Individuals with Disabilities Education Act (IDEA); **or**
 - Is an individual with a disability for purposes of Section 504 of the Rehabilitation Act of 1973, as amended; **or**
 - Has medical documentation of a disability.

I-C) PRE-EMPLOYMENT TRANSITION SERVICES - "REQUIRED ACTIVITIES"

The 'required' Pre-Employment Transition Services are *five* federally required (through WIOA) services provided to students with disabilities, in need of such services who are either eligible for VR services or potentially eligible for VR services (students with disabilities who have not applied for or been determined eligible for VR services) **and**, based on the needs of the individual. These *five* services include following activities:

- (i) **Instruction in self-advocacy-ability** to effectively communicate, convey, negotiate or assert his/her own interests and/or desires. Examples: Setting Goals; Disability Disclosure; and Problem Solving.
- (ii) **Workplace readiness training**- commonly expected skills that employers seek from most employees. Examples: Independent Living Skills; Social/Interpersonal Skills; and Mock Interviews/Resume.
- (iii) **Job exploration counseling**- a wide variety of professional activities which help individuals with career-related issues. Examples: Career Information Systems; Vocational Interest Inventories; and Career Speakers.
- (iv) **Counseling on postsecondary education and comprehensive transition programs** - understanding the difference between high school and college, utilizing accommodations, an exploration of career pathways and levels of education. Examples: Financial Aid options; Attend College Fairs and Tours; Connect with Disability Resource Centers, and Access services from ID/DD Support Agencies.
- (v) **Work-based learning experiences**- in school, after school or internship opportunities to work. These experiences can be paid or un-paid. Examples: Job Shadowing/ Workplace tours; Paid/Non- Paid work experience; and School Business Activities.



I-D) PRE-EMPLOYMENT TRANSITION – “COORDINATION SERVICES”

Each local office of a Nevada Bureau of Vocational Rehabilitation must carry out responsibilities consisting of—

- (i) Attending individualized education program meetings for students with disabilities, when invited;
- (ii) Working with the local workforce development boards, one-stop centers, and employers to develop work opportunities for students with disabilities, including internships, summer employment and other employment opportunities available throughout the school year, and apprenticeships;
- (iii) Working with schools, including carrying out activities under section 614(d) of the IDEA, to coordinate and ensure the provision of pre-employment transition services under this section;
- (iv) When invited, attending person-centered planning meetings for individuals receiving services under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.);

I-E) PRE-EMPLOYMENT TRANSITION SERVICES - “AUTHORIZED ACTIVITIES”

Funds available and remaining after the provision of the required activities may be used to improve the transition of students with disabilities from school to postsecondary education or an employment outcome by—

- (i) Implementing effective strategies to increase the likelihood of independent living and inclusion in communities and competitive integrated workplaces;
- (ii) Developing and improving strategies for individuals with intellectual disabilities and individuals with significant disabilities to live independently; participate in postsecondary education experiences; and obtain, advance in and retain competitive integrated employment;
- (iii) Providing instruction to vocational rehabilitation counselors, school transition personnel, and other persons supporting students with disabilities;
- (iv) Disseminating information about innovative, effective, and efficient approaches to achieve the goals of this section;
- (v) Coordinating activities with transition services provided by local educational agencies under the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.);
- (vi) Applying evidence-based findings to improve policy, procedure, practice, and the preparation of personnel, in order to better achieve the goals of this section;
- (vii) Developing model transition demonstration projects;
- (viii) Establishing or supporting multistate or regional partnerships involving States, local educational agencies, designated State units, developmental disability agencies, private businesses, or other participants to achieve the goals of this section; and
- (ix) Disseminating information and strategies to improve the transition to postsecondary activities of individuals who are members of traditionally unserved and underserved populations.

II. RESERVATION AND EXPENDITURE OF FUNDS REQUIREMENT

II-A) FEDERAL & STATE REGULATIONS AND RSA GUIDANCE

- A State must reserve and expend **at least 15** percent of its VR State allotment for the provision of pre-employment transition services to students with disabilities (sections 110(d)(1) and 113(a) of the Rehabilitation Act).
- The funds reserved and expended must be used solely for the provision of pre-employment transition services and pre-employment transition coordination activities described in section 113(b) through (d) of the Rehabilitation Act (§361.48(a)(2) through (4)).
- All Federal VR funds drawn down for use in the VR program, including the amount reserved for the provision of pre-employment transition services, must be matched (21.3 percent).
- There is ***no requirement*** that ***non-Federal funds*** used for ***match purposes*** must be expended specifically for the provision of pre-employment transition services.
- Funds reserved and not expended for the provision of pre-employment transition services in the year of appropriation may be carried over into the subsequent Federal fiscal year for obligation and expenditure so long as the State provided the requisite match by the end of the year of appropriation (4th quarter), as is true for the carryover of all Federal VR funds.
** However, Nevada does not allow any carry-over due to Section 7 of its Appropriations Bill. Therefore, all federal funds available in Nevada must only be spent in the first year of the appropriation.*

TYPES OF PRE-EMPLOYMENT TRANSITION SERVICES

As stated in section 7(30) of the WIOA Act and Part §361.5(c)(42) of federal regulations 3 types of Pre-ETS services are :

- I. **“Required”** activities (section 113(b) of the Act and §361.48(a)(2));
- II. **“Authorized”** activities (section 113(c) of the Act and §361.48(a)(3));
- III. **“Pre-employment transition coordination”** activities (section 113(d) of the Act and §361.48(a)(4)).

II-B) RESERVING PRE-ETS FUNDS

Pre-ETS Budget Reservation of Funds process will be carried out in two phases, and will follow 15% minimum reserve per instruction by WIOA and subsequent guidance published by RSA.

Phase 1 of Pre-ETS Budget Reservation of Funds process will be executed in two parts:

PART ONE: upon receipt of the Nevada Section 110 grant allotment, DETR Rehabilitation Division will reserve 15% of the Section 110 grant awarded for purposes of providing Pre-ETS services, these funds will be used solely for administration of “required” and “coordination” services.

PART TWO: In the second part of this phase we will reserve 5% of its grant award for the delivery of “authorized” service which will be administered in accordance with the approved Pre-ETS Authorized Services Plan developed by Transition Coordinator.

In the **Phase 2** of the Pre-ETS Budget Reservation of Federal Funds process:

- ✓ We will calculate *Post-Reallotment Pre-ETS Budget* for all three types of services,
- ✓ it will project if the 15% new budget amount is sufficient to deliver all three types of services, taking into consideration potential students served, and funds expended.
- ✓ Lastly, if the ***need*** for potential students with disabilities needing “required” and “coordination” services is ***not*** greater than the Post-Reallotment budget, taking into consideration what’s been expended for both budgets,

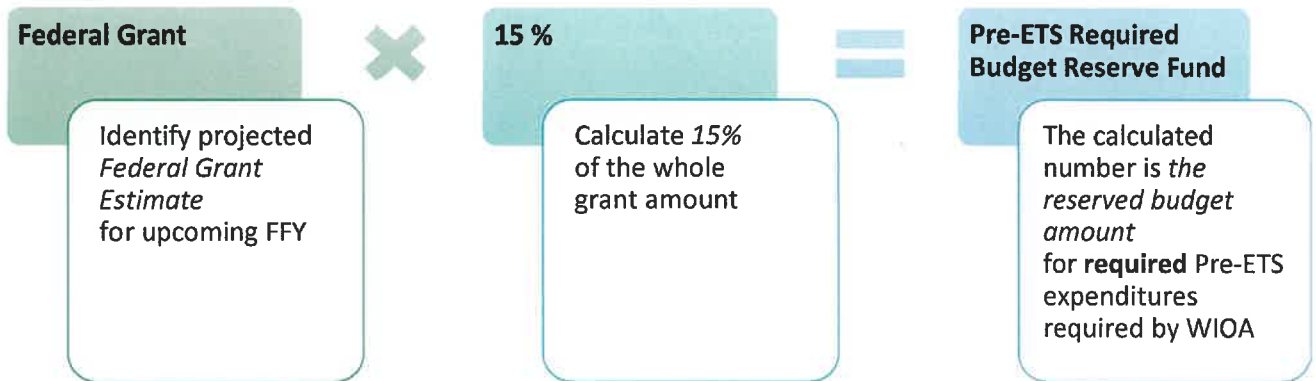
- ✓ agency will consider whether to *combine* these *budgets* or postpone that *decision* until later in the quarter up to and including September 15th.

II-B)1) RESERVING PRE-ETS FUNDS: PHASE I (TO BE COMPLETED BY NOVEMBER 15TH)

1. Pre-ETS Budget Required Budget Reserve calculation -

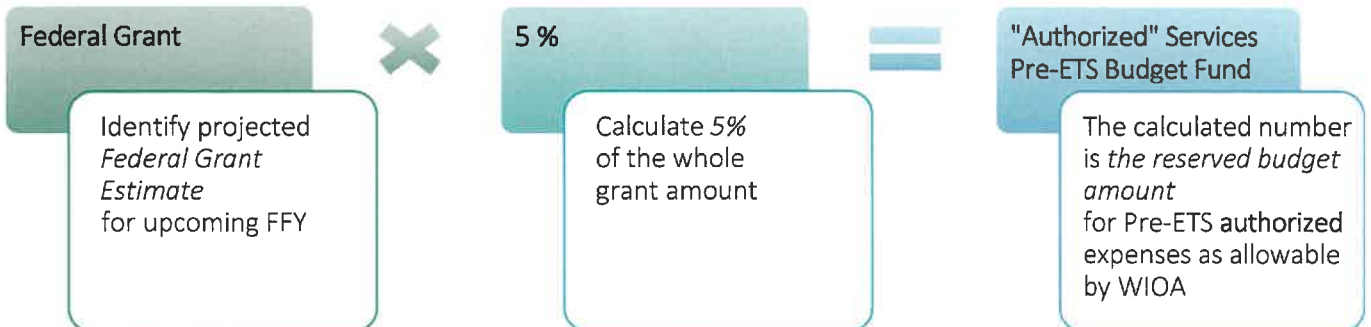
Open up a new published (on Rehab Sharepoint) worksheet Pre-ETS Budget Reserve for the upcoming fiscal year named "Pre-ETS Budget & Expense Tracking FFYxx" and enter following data:

- Amount of the Federal Grant Award allocated for upcoming Federal Fiscal Year
- Calculate 15% of the entire grant amount.
- The calculated number is the reserved budget amount for Pre-ETS expenditures as required by the WIOA.
- These funds will be used only for "required" and "coordination" services, unless the Rehabilitation Administrator upon review of the fiscal and potential client projections makes a determination to allow for delivery of "authorized" services from this budget account.



2. Authorized activities Pre-ETS Budget

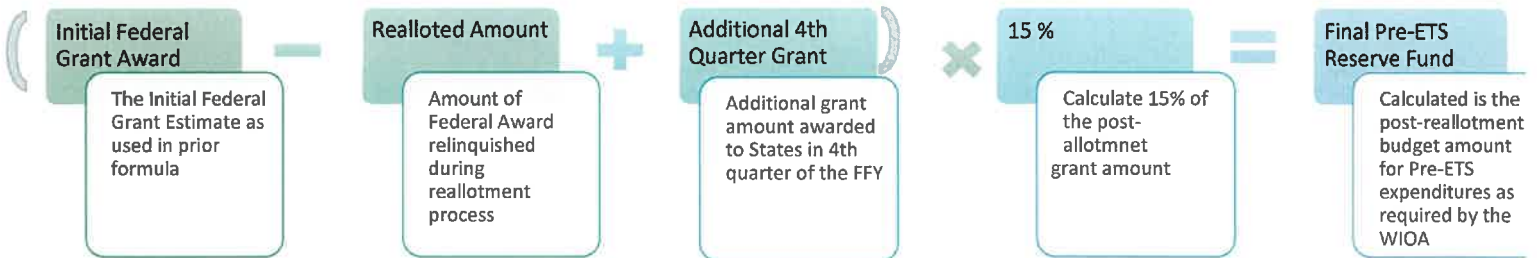
- In the same worksheet calculated 5% of the awarded budget for the purpose of providing authorized activities as described in [page 7](#).
- The calculated number is the reserved budget amount for Pre-ETS expenditures as allowable by the WIOA, to deliver "authorized" services, and is a separate reserve from the Pre-ETS Required Budget Reserve.
- These funds will be used only for "authorized" services.
- Plan for expenditure of majority services obtained for "authorized" activities will be developed on an annual basis by NV Rehab. Div. Administration and published no later than July 31st of each year.



3. **Calculating Pre-ETS Funds Need.** To ensure that all potentially eligible students receive “required” Pre-ETS activities that need them, Rehabilitations’ Operations Unit will in the same worksheet conduct calculations and statistical projections of the Pre-ETS funding needed for the upcoming year. The calculation will be described on [page 10](#) of this document.

II-B)2) RESERVING PRE-ETS FUNDS: PHASE II (TO BE COMPLETED BY AUGUST 15TH)

4. **Post-Reallotment Pre-ETS Budget Calculation**
 - o Determine total RSA federal award for the year.
 - o Determine funds to be reallocated and final federal award amount. Upon notification of the receipt of the final quarter of the federal VR grant, Deputy Administrator of Operations in coordination with DETR-Financial Management will project agency funding needs through the end of the fiscal year and determine appropriate funds which will need to be “Reallotted”.
 - o Following determination of Reallotment amount and having calculated FINAL Section 110 Grant Award for the current FFY, VR administration will calculate Post-Reallotment Pre-ETS budget amount (15% of the final award).
5. The agency will calculate all expended obligations of the Pre-ETS funds through first three quarters of the federal fiscal year, for both 15% required and coordination budget and 5% authorized budget and will calculate remaining amounts.
6. Agency will also determine the need for “required” services through the end of the fiscal year, and if appropriate consolidate two budgets. If the need for the required activities is greater than the balance, two budgets will remain separated.



II-C) ALLOWABLE USES OF PRE-ETS RESERVED FUNDS

II-C)1) ALLOWABLE USE OF THE PRE-ETS FUNDS RESERVED FOR PROVISION OF “REQUIRED” SERVICES

- It is important to note that none of the funds reserved in accordance with section 110(d) “required” Pre-ETS budget may be used to pay for administrative costs or any other VR service. These funds must be used solely for the provision of pre-employment transition services described in section 113 of the Rehabilitation Act. Section 113(b) describes the “required” pre-employment transition service activities that must be provided to all students with disabilities that may need them. Section 113(c) describes the “authorized” activities that the State may provide if reserved funds remain after all students with disabilities have received the “required” activities that need them. Furthermore, each local office of the VR agency must carry out certain coordination activities, as described in section 113(d) of the Rehabilitation Act, related to the provision of pre-employment transition services. This means that the State must use the entire amount reserved solely for the provision of preemployment transition services described in section 113(b) through (d).

- To ensure all students who need Required Pre-ETS service receive it, DETR Rehabilitation Division will implement adequate student Pre-ETS needs projection methodology, which would be done as another method implemented in addition to having a separate 'authorized' budget plan. This additional step is implemented to ensure with beyond-a-doubt certainty that and that the funding will be available to ensure all necessary services could be delivered and provided to the total number of "potentially eligible" students with disabilities in the State of Nevada, as determined necessary in our projection (Page 10 & 11).
Both budgets as well as the projections will be monitored quarterly with the actual services provided and corresponding expenditures to determine if adjustments need to be made to the model to ensure that sufficient funds are reserved to meet the Pre-ETS needs of all students with disabilities that may need them.
- Authorized Activities are different than the Required Pre-ETS activities in that they are not direct services like the required ones but are there to enhance the effect of the Pre-ETS services.

II-C)2) ALLOWABLE USE OF THE PRE-ETS FUNDS RESERVED FOR PROVISION OF 'AUTHORIZED' SERVICES

- The authorized services will be provided utilizing the funds made available in the "Authorized" Pre-ETS budget for the first three quarters of the federal fiscal year.
- Prior to the 1st quarter of the Federal Fiscal Year, the Deputy Administrator of Operations will work with the Deputy Administrator of Programs to determine the following:
 - Reasonable expected number of students Nevada VR will serve in the current federal fiscal year (FFY) based on any known upcoming activity, trends and historical info,
 - Average amount of Pre-ETS reserve funds spent on each student per FFY,
 - Status of each student currently in the program,
 - Then using that data, will estimate expected use of Pre-ETS funds,
 - And identify funds that are remaining which may be spent on 'authorized' activities.

Delivery of Authorized Services Nevada - POLICY DETERMINATION

Rehabilitation Division has met all the criteria required by WIOA to expend funds on and carry out delivery of "Authorized Services Pre-ETS services". These requirements have been met in part by establishing a separate "Authorized Pre-ETS Budget" of 5% of the Federal Grant Award which will be in addition to the 15% budget for "Required Pre-ETS Services" and part projecting future need for the required funds, as described in this Fiscal Technical Manual.

The Authorized Services Pre-ETS services will start being delivered from the date of the implementation of this policy.

III. STATISTICAL PROJECTION METHODOLOGY FOR DETERMINING AGENCY PRE-ETS NEED

III-A) PROJECTING NUMBER PRE-ETS STUDENTS TO RECEIVE SERVICES IN THE UPCOMING FFY

To ensure all potentially eligible students with disability receive the “required services” they may need, we will utilize information made available from various sources to project the funding needed. The final number will be calculated using an average of two different methods in projecting the potential number of students served.

Method 1 will focus on historical agency data, taking into account students served, expenses, average costs and conducting Exponential Smoothing (ETS) algorithm to estimate future need.

Method 2 will focus on using Dept. of Ed data relating to number of students in the district with disabilities, % change in that number, growth of the program within the state, change in % of students with disabilities currently reached.

We will then combine these two methods and take the average number as our projected students served and budgeted needed to deliver required services.

METHOD/PROCESS	DATA SOURCE
STEP 1: Pre-ETS Projection METHOD #1 (Exponential Smoothing Algorithm)	
(1) Number of Pre-ETS Students with Disabilities served per year	<i>Student Data provided by BVR Transition Coordinator for the past three years, as published on Rehab Sharepoint under the filename “Pre-ETS Annual Program Summary”</i>
(2) Expenditures of Pre-ETS Services per FFY	<i>Using data reported on RSA-2</i>
(3) Determine potential Average cost of Pre-ETS services per students for prior and upcoming years. Avg cost = (2) / (1)	<i>Calculation</i>
(4) Adjust average cost by it by inflation (x 1.02) For PROJECTED YEARS - Multiply (1) x (3)	<i>Using inflation data (average of last three years) reported by Department of Labor.</i>
STEP 2: Pre-ETS Projection METHOD#2 (Projecting Need Using Past Trends)	
(5) Calculate average % increase in number of clients Served year over year	<i>Data provided by BVR Transition Coordinator Prior three years used for projection as published on Sharepoint</i>
(6) Calculate average % increase year over year	<i>Calculation</i>
(7) For PROJECTED YEARS Multiply (SFY18 # x (.5 change from last year) x (.25 x change in student population) x (.25 x 1+% increase in number of pre-ets services delivered from prior year))	<i>Calculation</i>
(8) Account for Change/trends in Student Population	<i>Using data provided by NV Dept. of Education</i>
FINAL STEP: PROJECTION CALCULATION by COMBINING METHODS	
(9) Take average of method#1 and method#2	<i>Calculation</i>
(10) Multiply by Average cost adjusted for inflation	<i>Calculation</i>
(11) The final number is our Pre-ETS budget need \$	<i>Final Result</i>

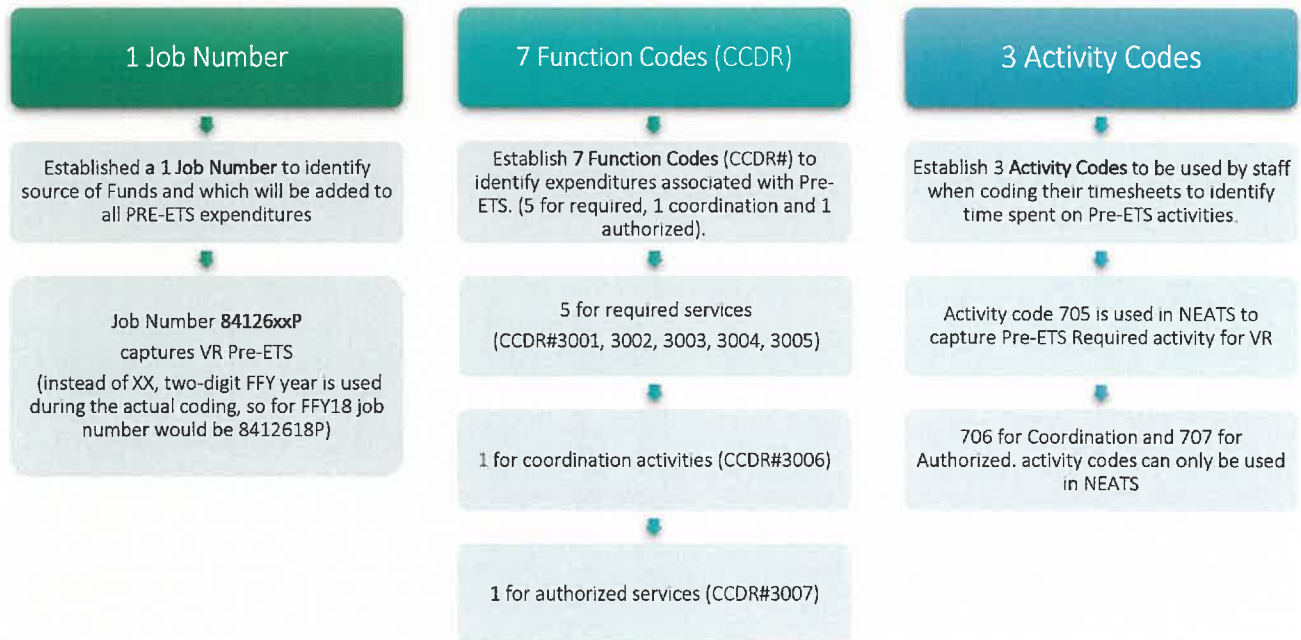
IV. ESTABLISHING A TRACKING AND A CODING SYSTEM -

IV-A) FISCAL CODING

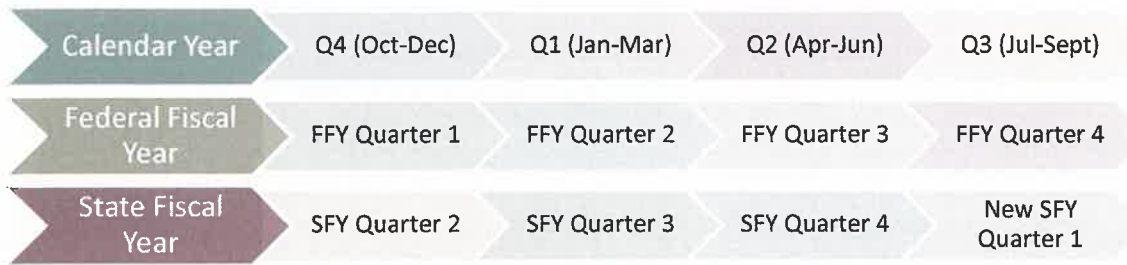
To accomplish this within the current financial systems there are new Job Numbers, Activity Codes (NEATS), and Function Codes.

An important part of this goal is to efficiently and accurately capture and report the data. This is initially a challenge given the constraints of the various systems involved and how they interact (DFS, RAISON, Advantage). The ultimate goal is to use the financial system to report the data with as little, preferably none, manual reporting as possible.

The new accounting codes to capture Pre-ETS activity for VR include:



SERVICE CATEGORY	Job Number (Pre-ETS)	CCDR (Pre-ETS function code) number	Activity Codes (Pre-ETS activity codes used for tracking payroll)
PRE-ETS - JOB EXPLORATION COUNSELING	84126xxP	3001	705
PRE-ETS - WORK-BASED LEARNING EXPERIENCES		3002	
PRE-ETS - COUNSELING		3003	
PRE-ETS - WORKPLACE READINESS TRAINING		3004	
PRE-ETS - INSTRUCTION IN SELF-ADVOCACY		3005	
PRE-ETS - COORDINATION ACTIVITIES		3006	706
PRE-ETS - AUTHORIZED ACTIVITIES		3007	707



IV)B) PRE-ETS EXPENDITURES TRACKING PROCESS

- DETR Financial Management (FM) has established 7 function codes (CCDR #'s) which will serve as program activity identifiers to be attached to appropriate expenditures:
 - 5 of those would be represent the 5 'required' activities and
 - 1 for all other coordination activities and
 - 1 for all 'authorized' activities
- The coding of these expenditures will also reside in the state's budget database system (DAWN), and the information will be downloadable from there.
- The Rehab Case management System will upload data to the DAWN as it relates to the fiscal aspects of the interface.
- Rehab operations team will work with VR program staff and managers to develop distinctly detailed and clarifying guidance for all expenditures that relate to Pre-ETS.
- Each of the CCDR's will be designated to a specific Pre-ETS activity and its related expenditures.
- Accounting staff will code CCDR identifiers to all obligation documents (authorization or PO) and ensure that invoice is coded the same way. This will ensure correct coding to all relevant expenditures at two different times. FM will have the task of clearing any discrepancies in coding.
- DETR Financial Management staff will verify the coding that's entered by Rehab Field accounting staff.
- AAIV will reconcile Pre-ETS coding on a monthly basis, and within 15 days will add or adjust coding to uploads from Nevada VR's Alliance case management system that is incorrect or missing.
- Due to limitation of the current RAISON database system, the authorization and encumbrances created there will not have this coding attached to it, this will start taking place starting with the AWARE rollout.
- ❖ *In the interim, for the purposes of federal reporting and calculation this data will be downloaded from RAISON, combined with the DAWN download, to calculate average and total cost for each of the service types.*
- Accounting staff will add CCDR identifiers to all relevant expenditures based on the Pre-ETS Coding Desktop Tool and check details of each invoice and how to ensure it fits in right category and add required coding)
- ❖ *Designated Protected Worksheet for VR accounting staff to track all expenditures related to Pre-ETS.*
- Establish budget amounts and other required identifiers as required by the Federal Uniform Accounting Procedures.
- Each expenditure will be entered by line and will identify supporting documentation so that it can be retrieved as requested or needed.
- Accounting unit supervisor will perform balancing, tracking and journal clearing.
- Accounting unit supervisor will transfer data relating to rehabilitation counselors' time onto spreadsheet to account for direct services provided.
- Accounting Unit Supervisor (AA IV) will conduct monthly audit checks/monitoring of the account.

- Operations Deputy will conduct quarterly monitoring of the account.

IV-C) STAFF TIME TRACKING AND CODING

Staff time should only be counted when providing direct pre-employment transition services to students with disabilities. VR agencies are not permitted to pay any administrative costs, as defined in section 7(1) of the Rehabilitation Act and §361.5(c)(2)), such as the salaries for the VR counselor's clerical assistant or supervisor, with the funds reserved for the provision of pre-employment transition services. Staff time for the purposes of this guide pertain to those individuals employed by the VR agency who directly provide pre-employment transition services to students with disabilities.

IV-C) 1) DIRECT SERVICES/REQUIRED ACTIVITIES (AS OUTLINED IN 34 CFR 361.48(A)(2)):

Tracking staff time for directly providing or arranging for the provision of one or more of the five required pre-employment transition services activities directly toward the required activities:

- Staff will document the time spent directly providing any of the required pre-employment transition service activities or coordination thereof.

Note: The specific pre-employment transition services where provided the student receives will be tracked in the student's case record, through the RAISON (agency's case management system).

- Staff time is documented on a Personnel Activity Report (PAR), at the time of delivery of service. Supervisors verify this document at the end of the week, sign it and it is forwarded to Rehab Administration (sent to AA I at the Basque Way Office).

Direct Services Staff Time Tracking Examples

Example A: If the counselor is providing job exploration counseling off site from 1:00-2:00 pm and they left the VR office at 12:30 to travel to the site and returned at 2:30 from providing the service, then they would document 2 hours of staff time providing pre-employment transition services.

Note that if the counselor spent an additional hour meeting with this student or another to discuss any other service (other than pre-employment transition services), that additional time cannot be counted as pre-employment transition services.

Example B: If the counselor spent an hour researching providers and coordinating availability of pre-employment transition services for the student, the counselor would then document 1 hour of staff time arranging for the provision of pre-employment transition services.

- AA I enters this information into a spreadsheet, stored on the Rehab Sharepoint site, and emails the **Pre-ETS PARs report** to Rehab managers and supervisors.
- Staff will also document their time during the submission of the timesheets using a specific Job Number to identify the Pre-ETS budget and activity code to identify type of service provided. State of Nevada's time-keeping system for its employees is known as "Nevada Employee Action and Timekeeping System" (NEATS).
- Time spent providing *direct Pre-ETS activities* is coded in NEATS to a specific job number (84126XXP) and activity (705).
- The report of staff time may be pulled from Advantage HR.
- Staff time providing Pre-ETS can include their travel time.

IV-C) 2) COORDINATION ACTIVITIES (AS OUTLINED IN 34 CFR 361.48(A)(4)):

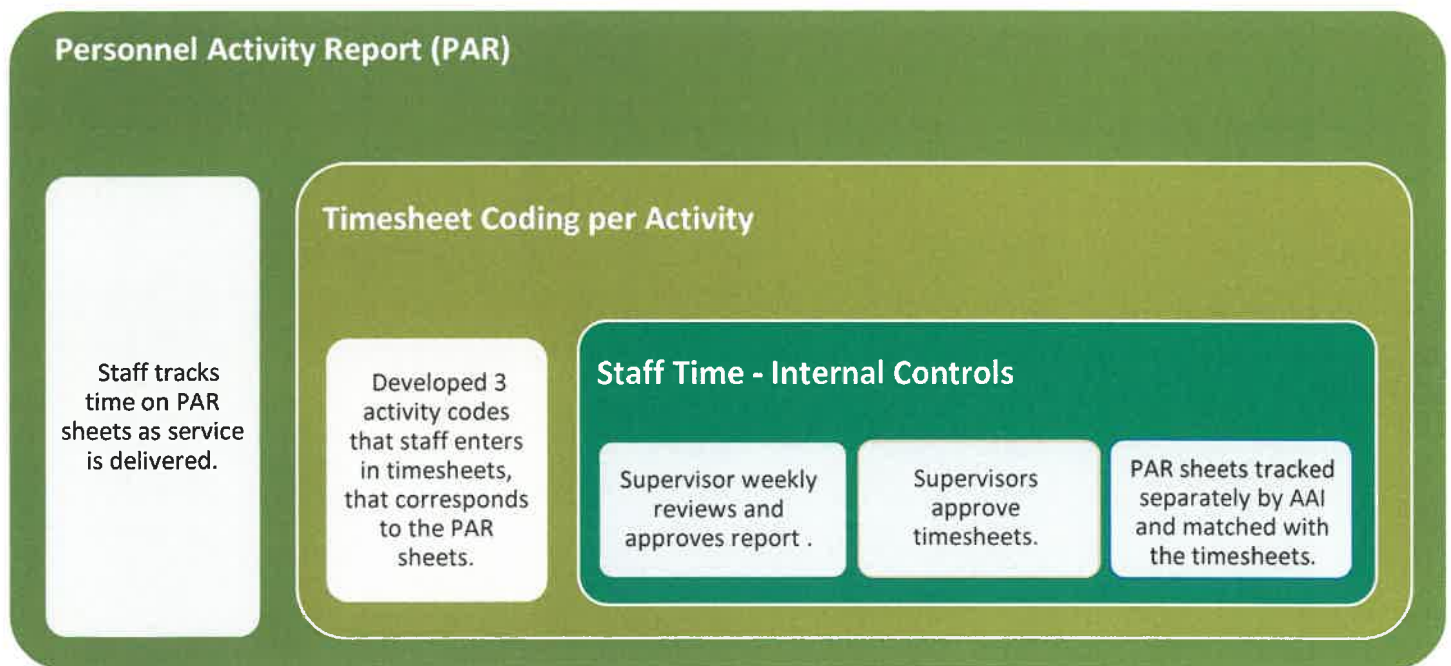
Tracking staff time for coordination activities: Staff will document the time they spend conducting these four specific coordination activities, which may also include their travel time to and from the coordination activities.

- Staff must also document the time spent carrying out the responsibilities consisting of four “pre-employment transition coordination activities” that are essential for arranging and providing pre-employment transition services. The coding used are job number (84126XXP) and activity (706)

Coordination Activities Staff Time Tracking Examples

Example: if the counselor attended four IEP meetings for students with disabilities from 9:00 am to 12 noon, the counselor could document 3 hours under pre-employment transition services as a coordination activity.

Note that if the counselor was at the high school until 1pm discussing other students receiving other additional VR services, they would not be able to charge that additional one hour to pre-employment transition services.



IV-C) 3) AUTHORIZED ACTIVITIES (AS OUTLINED IN 34 CFR 361.48(A)(3)):

Staff will document the time they spend conducting these nine authorized activities, which may also include their travel time to and from the authorized activities. This may include time spent on the 9 authorized activities outlined on [page 6](#) of this document. In their timesheet they will use activity code 707 to properly identify the use of their time.

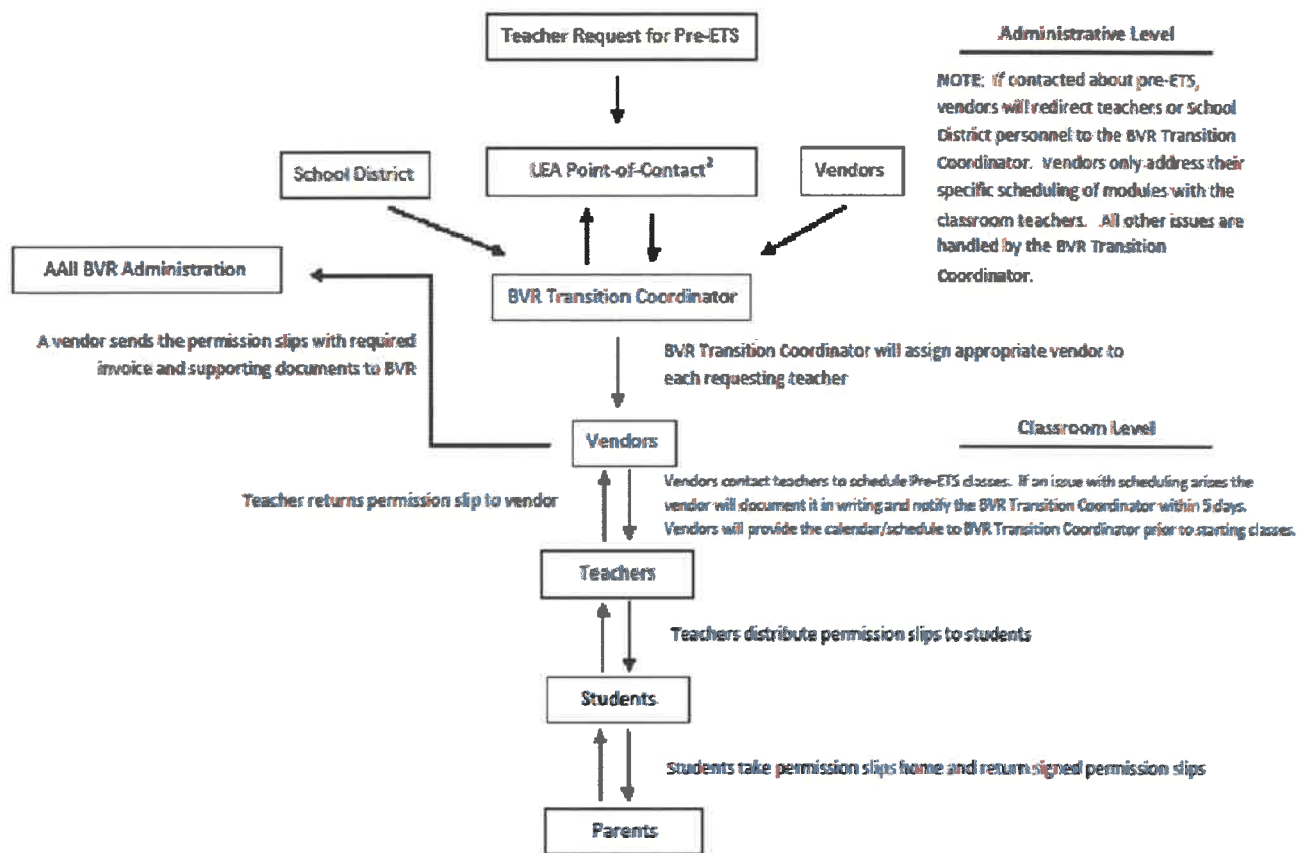
IV-C) 4) GUIDANCE FOR NON-ALLOWABLE ACTIVITIES & OTHER ACTIVITIES AND SERVICES PROVIDED

The following are examples of activities that staff would not track their time as pre-employment transition services:

- Case management activities for all other VR services including transition services
- IPE development
- Providing or arranging other VR services such as:
 - Vocational guidance and counseling
 - Vocational training
 - Job development and placement services

IV-D) COMMUNICATION FLOW FOR PRE-EMPLOYMENT TRANSITION SERVICES

Communication Flow for Pre-Employment Transition Services (Pre-ETS)¹



¹ Reference: Page one of "Referrals" Section – Scope of Work Revised 1/3/17 and the LEA/BVR Contracts

² The LEA Point-of-Contact may include role titles such as School District Transition Coordination, Transition Specialist, Special Education Director

Revised 2/13/18

IV-E) MONITORING PRE-ETS FUNDS & INTERNAL CONTROLS

Additional process, procedures and worksheets that Rehabilitation Division Field Accounting utilizes to ensure appropriate expenditures of Pre-ETS funds, carry out pre-established internal controls and maintain the integrity of the program and delivery of services, can be found in the following attached documents:

- Appendix A – DETR Financial Management DESK PROCEDURE MANUAL
- Appendix B – Rehabilitation Field Accounting Pre-ETS Invoice Processing Checklist
- Appendix C – Rehabilitation Field Accounting Invoice Flow Chart
- Appendix D – Rehabilitation Field Accounting Invoice Requirements
- Appendix E – Rehabilitation Field Accounting Invoice Processing
- Appendix F – Rehabilitation Field Accounting Invoice Timeline
- Appendix G – Rehabilitation Field Accounting Invoice Rejection Clearing Process
- Appendix H – Rehabilitation Field Accounting Pre-ETS Raison Input Instructions
- Appendix I – Rehabilitation Field Accounting Pre-ETS PO Tracking Log (Example)
- Appendix J – Rehabilitation Field Accounting Provider Contacts

Questions or inquiries on tracking staff time should be directed to Deputy Administrator of Operations.

Sample PAR Weekly Tracking Report:

B/A	PCN	Employee	Pay Period	Section 110 Job# 8412617	PETS Hours Worked (Activity)	SE - Youth	Leave Hours	Total hours	PETS Percentage	Notes	Supervisor
3265	0045	Joan Doe	18	72.00	0.00	0.00	8.00	80.00	0%		Gra
3265	0016	Joan Doe1	18	70.00	0.00	0.00	10.00	80.00	0%		Sule
3265	0046	Joan Doe2	18	42.00	0.00	0.00	38.00	80.00	0%		Bos
3254	0105	Joan Doe3	18	80.00	0.00	0.00	0.00	80.00	0%		Great
3265	0072	Joan Doe4	18	80.00	0.00	0.00	0.00	80.00	0%		Childe
3265	0075	Joan Doe6	18	71.00	2.00	0.00	7.00	80.00	3%		Bos
3265	0054	Joan Doe7	18	80.00	0.00	0.00	0.00	80.00	0%		Gra
3265	0118	Joan Doe8	18	28.00	4.00	0.00	48.00	80.00	5%		Gra
3265	0073	Joan Doe9	18	78.00	0.00	0.00	2.00	80.00	0%		Sule
3265	0160	Joan Doe10	18	60.00	0.00	0.00	20.00	80.00	0%		Bos
3265	0113	Joan Doe11	18	55.00	17.00	0.00	8.00	80.00	21%		Great
3265	0080	Joan Doe12	18	28.00	0.00	0.00	52.00	80.00	0%		Childe
3265	0019	Joan Doe13	18	68.00	1.00	0.00	11.00	80.00	1%		Bos
3265	0053	Joan Doe14	18	56.00	8.00	0.00	16.00	80.00	10%		Gra
3265	0091	Joan Doe15	18	72.00	4.00	0.00	4.00	80.00	5%		Bos
3265	0106	Joan Doe16	18	59.00	0.00	0.00	21.00	80.00	0%		Gra

Total PRE-ETS Hrs. 36.00

APPENDIX A - DETR- FINANCIAL MANAGEMENT DESK PROCEDURE MANUAL

Pre-Employment Transition Services (Pre-ETS) Expenditure Tracking

There is a need to capture and report new WIOA requirements beginning federal fiscal year 2015. The new data elements include a VR reserve and match. To accomplish this within the current financial systems there are new Job Numbers, Activity Codes (NEATS), and Function Codes.

An important part of this goal is to efficiently and accurately capture and report the data. This is initially a challenge given the constraints of the various systems involved and how they interact (DFS, RAISON, Advantage). The ultimate goal is to use the financial system to report the data with as little, preferably none, manual reporting as possible.

The new accounting codes to capture Pre-ETS activity for VR include:

- 1) Three (3) Activity Codes in NEATS. Activity code 705 is used in NEATS to capture Pre-ETS “required” activity, 706 to capture “coordination” activity, and 707 to capture “authorized” activity.
- 2) One (1) Job Numbers. Job number 84126xxP captures VR Pre-ETS.
- 3) Seven (7) new CCDRs - 3001, 3002, 3003, 3004, 3005, 3007 (Function Codes) to identify Pre-ETS costs to ensure that all Pre-ETS expenditures can be captured, that those can be grouped in categories prescribed by WIOA and especially that cannot be for some reason captured with a single Job Number (such as VOICE in Cat 11). Codes 3001 – 3005 codes refer to activity for “required” purposes, 3006 refers to “coordination”, and 3007 to all “authorized” purposes.

RAISON does not capture or transmit an Activity Code (as defined in Advantage). Using an Activity Code is currently only an option for Cat 01 – Personnel.

Below are the mechanisms in place to capture PETS and Youth activity in the accounting system. This will be refined as needed.

Cat 01: Personnel

Use Activity Code 705 for VR Pre-ETS “required” activity in NEATS

Use Activity Code 706 for VR Pre-ETS “coordination” activity in NEATS

Use Activity Code 707 for VR Pre-ETS “required” activity in NEATS

Use the current/standard Job number in both cases (i.e., 84126xxV, 84126xxB, 84187xxS, etc.). S:\fm\~Rehabilitation\RSA\VR FFY18 Monitoring\Fiscal Internal Controls\Desk Procedures\PETS - SE Youth Reserve and Exp Tracking.docx Page 2 of 2

Using only the activity code with Personnel costs ensures the cost allocated expenses are not charged to PETS or Youth job numbers. Using Job Numbers in Cat 01 would generate cost allocated expenses to those Job Numbers. Administrative expenses are not allowed as part of the reserve. Therefore, Pre-ETS job numbers appear only in Cat 01, 09, 11 and 12.

Cat 09 and 25: Client Services (RAISON)

RAISON has a Fund Source called Pre-ETS and Youth to indicate to FM staff to select either the Pre-ETS or Youth Job number.

Fund Source “Pre-ETS” designates Job Number 84126xxP (VR)

Cat 09, 25 non-RAISON:

Use the appropriate PETS or Youth Job number as appropriate:

84126xxP for VR

Cat 11 – VOICE:

This has a conflicting Job Number issue that needs to be resolved. If there is a non-NEATS cost for VOICE that is also Pre-ETS, there is a conflict with the VOICE Job Number (84126xxW). Since this cannot be captured as both VOICE and Pre-ETS as a Job Number, when WCSD reports the Pre-ETS amount on the monthly billing we need to use a Function Code (referred to as a CCDR). CCDR 3001-2007 has been established should we need to use this option and code to job number 84126xxP.

All other categories (operating categories, cost allocated, assessments): These categories should not contain PETS and Youth job numbers. Administrative expenses are not included in the reserve calculation.

APPENDIX K - GLOSSARY OF TERMS

Potentially Eligible Student: means an individual with a disability in a **secondary, postsecondary, or other recognized education program** who:

1. Is younger than 14 (when appropriate); and
2. Is not older than 21 years of age; and
3. Is eligible for, and receiving, special education or related services under the Individuals with Disabilities Education Act (IDEA); or is a student who is an individual with a disability, for purposes of section 504; or has a disability and has provided current documentation from a qualified provider.

Pre-ETS Coordinator: A VR funded position created to help local education agencies provide Pre-ETS and implement documentation and recording of Pre-ETS that occur.

SSID- Secure Student Identification Number-The SSID is a number that follows students from the time they enroll in school until they exit secondary school. The SSID from high school should also be used in the data collection system for individuals in post-secondary schools. The SSID is the number provided by ODE, not the local school ID number. SSID is 8-9 numbers in length.

Student with a disability: A student who is 14-21 and eligible for IEP, 504 or has a documented disability that is in school-secondary or post-secondary (ie. Training program, community college, University, etc.)

Transition Network Facilitator (TNF): A jointly funded position between VR and ODE. These staff are housed in local ESDs and serve as transition related liaisons to help LEAs implement transition programs in their districts.

Transition Specialist (TS): A district funded position that was created through a YTP grant to implement YTP in the district. This position is jointly responsible to document the provision of Pre-ETS. The work the TS does may include direct implementation of the delivery of Pre-ETS.

Applicability:

§361.5 Applicable definitions. URL:

https://www.ecfr.gov/cgi-bin/textidx?SID=38195ab101f792fd6ce40243e65bafd0&mc=true&node=se34.2.361_15&rqn=div8

§361.48 Scope of vocational rehabilitation services for individuals with

disabilities. URL: [https://www.ecfr.gov/cgi-](https://www.ecfr.gov/cgi-bin/textidx?SID=f4bb4322f7de38370212673cfabbe344&mc=true&node=se34.2.361_148&rqn=div8)

[bin/textidx?SID=f4bb4322f7de38370212673cfabbe344&mc=true&node=se34.2.361_148&rqn=div8](https://www.ecfr.gov/cgi-bin/textidx?SID=f4bb4322f7de38370212673cfabbe344&mc=true&node=se34.2.361_148&rqn=div8)

§361.65 Allotment and payment of Federal funds for vocational rehabilitation

services. URL:

https://www.ecfr.gov/cgi-bin/textidx?SID=f4bb4322f7de38370212673cfabbe344&mc=true&node=se34.2.361_165&rqn=div8

APPENDIX L - RSA - FREQUENTLY ASKED FISCAL QUESTIONS —

PRE-EMPLOYMENT TRANSITION SERVICES REQUIREMENTS UNDER THE VOCATIONAL REHABILITATION PROGRAM APRIL 13, 2016 AS IMPOSED BY THE WORKFORCE INNOVATION AND OPPORTUNITY ACT (WIOA)

1. How must a State calculate the amount it must reserve for the provision of pre-employment transition services?

Section 110(d)(1) of the Rehabilitation Act of 1973 (Rehabilitation Act), as amended by the Workforce Innovation and Opportunity Act (WIOA), requires a State to reserve at least 15 percent of its State allotment, under the State Vocational Rehabilitation (VR) Services grant (CFDA 84.126A), for the provision of pre-employment transition services to students with disabilities under section 113 of the Rehabilitation Act. The mandate for a State to reserve funds for the sole purpose of providing, or arranging for the provision of, pre-employment transition services is reinforced at section 113(a):

SEC. 113. PROVISION OF PRE-EMPLOYMENT TRANSITION SERVICES.

(a) IN GENERAL. – From the funds reserved under section 110(d), and any funds made available from State, local, or private funding sources, each State shall ensure that the designated State unit, in collaboration with the local educational agencies involved, shall provide, or arrange for the provision of, pre-employment transition services for all students with disabilities in need of such services who are eligible or potentially eligible for services under this title.

The State allotment, which forms the basis for the reservation of funds requirement, refers to the Federal VR funds awarded pursuant to section 110(a) of the Rehabilitation Act. Section 110(b)(3) of the Rehabilitation Act makes clear that funds received during reallocation are considered an increase to the State's allotment. Consequently, receiving additional funds during reallocation will mean that the State will need to calculate a proportionate increase to the amount of funds it must reserve for the provision of pre-employment transition services. Similarly, funds relinquished during reallocation are considered a reduction to the State's allotment. Relinquishing funds during reallocation will mean that the State may calculate a proportionate decrease to the amount of funds it must reserve for the provision of pre-employment transition services.

In calculating the 15 percent minimum amount to be reserved, States must base the percentage on the total amount allotted to the State in the fiscal year. In other words, a State should use the amount listed on the State's Grant Award Notification (GAN) as the basis for ensuring that it has reserved at least 15 percent of that amount for the provision of pre-employment transition services. A State may choose to adjust its calculations with each GAN it receives during the fiscal year of appropriation, taking into account adjustments made throughout the fiscal year for continuing resolutions, allotment fund increases or decreases through the reallocation process, and penalties applied to resolve maintenance of effort deficits, for this purpose.

Following are examples of how a State may calculate the amount to be reserved for the provision of pre-employment transition services.

Example 1: A State receives only one GAN for the fiscal year for \$1 million. The State must reserve at least 15 percent of that amount, or \$150,000, for the provision of pre-employment transition services.

Example 2: A State receives two GANs – one at the beginning of the fiscal year for \$1 million and a second during the reallocation process for an additional \$1 million. The State must reserve 15 percent (\$300,000) of the total funds allotted (\$2 million) during that fiscal year. This means the amount to be reserved was adjusted upwards to account for the additional funds received during reallocation.

Example 3: The State receives a GAN for \$1 million, but relinquishes \$100,000 for reallocation to other States later in the year. At that time, the State receives a second GAN showing a total allotment for the year of \$900,000. This means that the State must reserve at least 15 percent of the \$900,000 in VR funds it received that year (\$135,000). In other words, the amount to be reserved was adjusted downward from the amount that would have been based on the initial allotment of \$1 million to take into account the amount of funds relinquished during the reallocation process.

Example 4: A State receives only one GAN for \$1 million. However, at the end of the year of the appropriation, the State left \$500,000 in its account, unexpended. The State did not relinquish these funds during the reallocation period in the year of appropriation. In this case, the GAN in the year of appropriation still reflects an allotment of \$1 million. The State must reserve

the full 15 percent, or \$150,000, based on the total allotment to the State in the year of appropriation – not the amount of funds actually used.

2. Can a State relinquish funds during reallocation and have the returned funds reduce the pre–employment transition service requirement dollar for dollar?

No. The impact of relinquished funds is proportional (see FAQ 1 above). In accordance with section 110(d)(1), a State must reserve at least 15 percent of its State allotment, under the VR grant, for the provision of pre–employment transition services under section 113 of the Rehabilitation Act. Funds relinquished in the year of appropriation only reduce the amount of the State’s allotment upon which the reserved amount is based.

3. How must a VR agency account for the Federal VR funds it reserves for the provision of pre–employment transition services to students with disabilities?

Because both sections 110(d) and 113 of the Rehabilitation Act are clear that the State must reserve and use at least 15 percent of its total VR allotment for a specific purpose (pre–employment transition services) that benefits a specific population (students with disabilities), it will be critical that the designated State unit implement administrative methods and procedures that ensure proper data collection and financial accountability of these reserved funds, as required by 34 CFR 361.12. Moreover, the State’s accounting procedures must be such that the designated State unit will be able to accurately complete all required forms, including financial reports, that show the reservation and use of these funds for this purpose, as required by 2 CFR 200.302.

In order to track and account for the proper expenditure of funds for the provision of pre–employment transition services, it may be helpful for agencies to consider those services as a cost objective. The Uniform Guidance at 2 CFR 200.28 defines a cost objective as:

a program, function, activity, award, organizational subdivision, contract, or work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, capital projects, etc. A cost objective may be a major function of the non–Federal entity, a particular service or project, a Federal award, or an indirect (Facilities & Administrative (F&A)) cost activity....

4. Does RSA have to approve the methodology VR agencies use to allocate costs to the funds reserved for the provision of pre–employment transition services?

No. Federal regulations at 34 CFR 361.12 and 2 CFR 200.302 require each agency to implement processes necessary to ensure the proper accounting and reporting of expenditures, including expenditures incurred with funds reserved for the provision of pre–employment transition services in order to ensure the funds spent were only for allowable and allocable purposes. As is true with all VR expenditures, cost allocation methodologies are reviewed during RSA’s routine monitoring and review activities.

5. Can VR agencies use estimates of the amount of time they believe VR counselors will spend providing pre–employment transition services to students with disabilities as a basis for allocating expenditures to the reserved funds?

While an agency may choose to use interim estimates of anticipated staff time that will be spent providing pre–employment transition services to budget anticipated personnel time and expenditures allocated to the reserved funds, the estimates must be based upon a realistic assessment of the anticipated personnel effort, as would be true for budgeting any expenditure of VR funds. Additionally, in order to ensure the proper accounting and reporting of Federal VR funds, as required by 34 CFR 361.12 and the Uniform Guidance at 2 CFR 200.302, such interim estimates must be reconciled against the actual time personnel spent providing pre–employment transition services during the same period, after the time was worked. As would be true for the proper accounting and reporting of any VR expenditure, adjustments to the actual expenditures must be made if discrepancies are identified as a result of the reconciliation between the amount estimated (or budgeted) and the amount actually expended. In so doing, the VR agency ensures that only actual personnel effort for the provision of pre–employment transition services is counted toward the funds reserved for this purpose. As a reminder, 34 CFR 75.707 states that personnel services by employees of a grantee are considered obligated when the services are performed. Therefore, these employee costs are not considered obligated when they are budgeted.

6. Can a VR agency assign personnel to provide pre–employment transition services to students with disabilities as a single cost objective, thereby allocating 100 percent of the employee’s salary and fringe benefits to the funds reserved for the provision of pre–employment transition services?

If the agency can document that the staff member is providing only services identified as pre–employment transition services to students with disabilities, then 100 percent of the employee’s salary and fringe benefits may be allocated to the funds reserved for the provision of pre–employment transition services. Such cost allocation of personnel time is no different than is required of a VR agency when personnel work on one or more cost objectives.

When considering whether the staff is only providing pre–employment transition services to students with disabilities, it is important to consider that a student receiving pre–employment transition services may also be receiving other VR services (other than pre–employment transition services) and, therefore, would be under a different cost objective and such costs would not be permissible with the funds reserved for the provision of pre–employment transition services. Pre–employment transition services required and/or authorized under section 113 include:

(b) **REQUIRED ACTIVITIES.**—Funds available under subsection (a) shall be used to make available to students with disabilities described in subsection (a)—

(1) job exploration counseling;

(2) work–based learning experiences, which may include in–school or after school opportunities, or experience outside the traditional school setting (including internships), that is provided in an integrated environment to the maximum extent possible;

(3) counseling on opportunities for enrollment in comprehensive transition or postsecondary educational programs at institutions of higher education;

(4) workplace readiness training to develop social skills and independent living; and

(5) instruction in self–advocacy, which may include peer mentoring.

(c) **AUTHORIZED ACTIVITIES.**—Funds available under subsection (a) and remaining after the provision of the required activities described in subsection (b) may be used to improve the transition of students with disabilities described in subsection (a) from school to postsecondary education or an employment outcome by—

(1) implementing effective strategies to increase the likelihood of independent living and inclusion in communities and competitive integrated workplaces;

(2) developing and improving strategies for individuals with intellectual disabilities and individuals with significant disabilities to live independently, participate in postsecondary education experiences, and obtain and retain competitive integrated employment;

(3) providing instruction to vocational rehabilitation counselors, school transition personnel, and other persons supporting students with disabilities;

(4) disseminating information about innovative, effective, and efficient approaches to achieve the goals of this section;

(5) coordinating activities with transition services provided by local educational agencies under the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.);

(6) applying evidence–based findings to improve policy, procedure, practice, and the preparation of personnel, in order to better achieve the goals of this section;

(7) developing model transition demonstration projects;

(8) establishing or supporting multistate or regional partnerships involving States, local educational agencies, designated State units, developmental disability agencies, private businesses, or other participants to achieve the goals of this section; and

(9) disseminating information and strategies to improve the transition to postsecondary activities of individuals who are members of traditionally unserved populations.

A VR agency must be sure to distinguish between service costs versus administrative costs since administrative expenditures are not permissible with funds reserved for the provision of pre-employment transition services (section 110(d)(2)). A VR agency must refer to the definition of “administrative costs” in 34 CFR 361.5(b)(2) to determine which personnel-related and other expenditures would not be permissible with the reserved funds because they constitute “administrative costs.”

7. Can a State expend more than 15 percent of its VR Federal funds for the provision of pre-employment transition services to students with disabilities?

Yes. Section 110(d)(1) of the Rehabilitation Act requires a State to reserve “at least” 15 percent of its VR allotment for the provision of pre-employment transition services. The statute makes clear that 15 percent is a minimum, not a maximum, amount.

8. Can funds reserved for the provision of pre-employment transition services be carried over for obligation or liquidation in the subsequent Federal fiscal year?

Yes. Section 19(a)(1) of the Rehabilitation Act permits a State to carry over into the subsequent Federal fiscal year any grant funds that remain available at the end of the Federal fiscal year in which the funds were awarded so long as the State provided the requisite match for those funds by the end of the Federal fiscal year in which the funds were awarded (year of appropriation). Funds reserved for the provision of pre-employment transition services merely represent a percentage of the State’s VR allotment and, therefore, these funds must comply with all requirements governing the allotment, including requirements related to carryover of funds. This means that unobligated funds reserved for the provision of pre-employment transition services that have been matched by the end of the fourth quarter (9/30) of the year of appropriation may be carried over for obligation and expenditure during the subsequent fiscal year.

9. What are the potential consequences of a State not reserving and using the requisite amount of funds for the provision of pre-employment transition services?

Section 110(d)(1) of the Rehabilitation Act requires a State to reserve at least 15 percent of its allotment for the provision of pre-employment transition services. Section 113 of the Rehabilitation Act requires the State to use those reserved funds to provide, or arrange for the provision of, pre-employment transition services to students with disabilities. Therefore, the statute makes clear that the reservation and use of VR funds for this purpose is mandatory, not discretionary, for States. Section 107(a)(1) requires the Commissioner of RSA to conduct annual reviews and periodic on-site monitoring of the VR program. Section 107(a)(4)(B) requires the Commissioner to examine, among other things, the provision of VR services, including the provision of pre-employment transition services, when conducting reviews or monitoring. Section 107(b) and (c) specify the remedies available to the Commissioner if a State fails to satisfy Federal requirements governing the VR program, including requirements related to pre-employment transition services. In this manner, compliance with requirements governing pre-employment transition services is the same as it is for any VR program requirement. States that fail to meet the 15 percent reserve requirement may also face potential consequences resulting from audit findings stemming from Inspector General, State, or Single Audits.

10. How is the reservation requirement impacted when there are two VR agencies (General and Blind)?

The reservation of funds for the provision of pre-employment transition services is a State matter that must be resolved at the State level when there are two agencies. For this reason, RSA encourages agencies to coordinate to ensure State compliance. While RSA recommends that each designated State unit, particularly when a State has two designated State units, reserve at least 15 percent of its allotment to facilitate tracking of State compliance of the reservation requirement, there is no statutory requirement that this be done. If one agency (when a State has two VR agencies) uses more of its funds than the other, the State would be in compliance so long as the State’s total of funds reserved and expended for the provision of pre-employment transition services is at least 15 percent of the State’s total allotment, including any adjustments that impact the amount of the Federal award to one or both agencies.

Finding 2019-028

Information in the Case Service Report (RSA-911) was reported inaccurately or not supported by underlying information.

A non-statistical 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 the support of the reporting application dates. We also noted one instance where an applicate date reported did not agree to the underlying application. Additionally, we noted one instance of an incorrect start of employment date reported.

Recommendation

We recommend the Department enhance internal controls to ensure key data elements in the RSA-911 are accurate and supported by underlying information.

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.

VR may recover funds for items purchased without authorization or agency approval and VR funds spent on items for which I was financially responsible. Inappropriate use of goods or services funded by VR or failure to provide required documentation, such as mileage logs, RC-67s, receipts may result in suspension of services, a requirement to reimburse VR for the goods or services, return of the goods and/or case closure. If funds are still owed to VR from a previous case, new services may be suspended until VR is reimbursed. Knowingly and deliberately withholding, concealing or misrepresenting information to obtain or attempt to obtain VR services or funding may be fraud. Serious cases of fraud or intent to commit fraud may result in immediate case closure and/or a report to law enforcement may be filed seeking criminal prosecution.

Applicant Signature _____ Date _____

Parent / Guardian / Legal Rep Signature _____ Date _____

Signature of individual who filled out application if different from above _____

Parent / Guardian / Legal Rep Address _____

Intake

Estimated Date of Completion: September 30, 2020

Contact Person: Shelley Hendren, Administrator, DETR Vocational Rehabilitation (VR) Division



CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date: March 12, 2020

Program: **U.S. Department of Health and Human Services
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**

Finding number: 2019-029

Finding: 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.

Corrective Action Taken or To Be Taken: Fiscal staff and the Cost Allocation Team will work together to ensure all expenditures are accounted for prior to processing final closing documents. Cost Allocation staff be notified of any expenditure transactions that occur during the closing process that would affect the final cost allocation of the fiscal year. Cost Allocation staff will complete a final reconciliation of expenditures in DAWN to the Cost Allocation results to ensure all expenditures have been accounted for.

If to be taken, estimated date of completion: Once AlloCAP is in place, approximately April 1, 2020, internal control procedures will be developed to ensure the above finding is not repeated in the future.

Agency Response

Does the Agency agree With finding: Yes X No _____ Partially _____

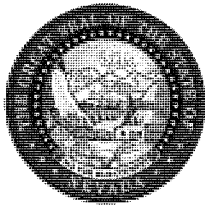
Individual Responsible for Corrective Action Plan:

Name, Title: Gary Long, FACT Chief
Phone Number: 775-684-0655
Email: gxlong@dwss.nv.gov

Reviewed and Approved

Signature

3/12/2020
Date



CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date: March 12, 2020

Program: **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**

Finding number: 2019-030

Finding: 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.

Corrective Action Taken
or To Be Taken:

The Division (DWSS) will ensure that subawards include all pertinent information required by the Uniform Guidance, to include identification of the Federal funds related to the subaward. The Division will review all sub-awards to ensure they appropriately identify all related funding. The Division is also in the process of revising its internal control procedures to add positions responsible to ensure compliance.

If to be taken, estimated
date of completion:

The Division anticipates completion of this finding within 60 days.

Agency Response

Does the Agency agree
With finding:

Yes X

No _____

Partially _____

Individual Responsible for Corrective Action Plan:

Name, Title: Brenda Berry, Chief Financial Officer

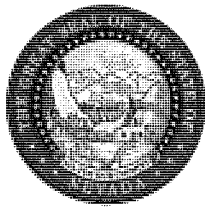
Phone Number: 775-684-0647

Email: bxberry@dwss.nv.gov

Brenda Berry
Signature

Reviewed and Approved

3.12.20
Date



CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date: March 12, 2020

Program: **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**

Finding number: 2019-031

Finding: Assistance payments were not terminated timely. The Nevada Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure assistance was terminated timely for noncompliant participants.

Corrective Action Taken or To Be Taken: The TANF employment and training program, New Employees of Nevada (NEON), is going through business process reengineering (BPR), which will streamline and improve the communication between the NEON and eligibility staff to prevent untimely termination of benefits for non-compliant participants.

If already taken, date of completion:

If to be taken, estimated date of completion: The BPR rollout will begin in May 2020.

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: Maria Wortman-Meshberger, Chief
Phone Number: 775-684-0506
Email: mrwortman@dwss.nv.gov

Signature

Reviewed and Approved

3/12/20
Date



CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date: March 12, 2020

Program: **U.S. Department of Health and Human Services
Child Support Enforcement, CFDA 93.563**

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

Finding number: 2019-032

Finding: 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 was communicated on all disbursements.

Corrective Action Taken or To Be Taken: All CSEP subrecipient compliance letters are in the process of being updated to include whether the award is a Research & Development award. The Division started including CFDA numbers on all CSEP federal sub-award payments after the finding in the 2018 Single Audit.

If to be taken, estimated date of completion: The Division anticipates the CSEP subrecipient compliance letters will be updated to include whether the award is a R&D award, by April 2020. The Division took immediate action to include CFDA numbers on all CSEP federal sub-award payments in 2018.

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: Brenda Berry, Chief Financial Officer
Phone Number: 775-684-0647
Email: bxberry@dwss.nv.gov

Signature

Reviewed and Approved

3.12.20
Date

Steve Sisolak
Governor

Richard Whitley, MS
Director



DEPARTMENT OF HEALTH AND HUMAN SERVICES

Division of Child and Family Services

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Ross Armstrong
Administrator

Date:	March 10, 2020
Program:	Title IV-E Foster Care 93.658
Corrective Action Plan	
Finding Number:	2019-033
Finding:	In one instance, a provider was paid more than once for foster care services for a specific child on the same day.
Corrective Action Taken or To Be Taken	The Eligibility Unit is working with our Information Support team to create a report that will self-identify any possible overpayments via a monthly or quarterly report that will be sent to the Eligibility Supervisor for review. A Concurrency Rule has been written into system code which prevents duplicate payments from being entered into UNITY without Supervisor and IS permission. Staff continue to follow the internal controls and procedure put in place effective, February 2018.
If <u>already</u> taken, date of completion:	The Concurrency Rule has been in place since February 2019.
If to be taken, estimated date of completion:	June 30, 2020
Agency Response	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	The potential Overpayment Report is still in the development process.
Additional Comments:	The Concurrency Rule appears to be functioning correctly in UNITY. A duplicate payment authorization was given in error. Prior Year Finding 2014-39, 2015-39, 2016-036, 2017-028, and 2018-037
Division Responsible for Corrective Action	
Name, Title	Katrina Nielsen, Administrative Services Officer 4
Address	4126 Technology Way
City, State, Zip Code	Carson City, NV 89706
Phone Number	775-684-4414
Email	KNielsen@dcfs.nv.gov
Reviewed and Approved	
Mandi Davis, Deputy Administrator	
Date 3/10/20	Signature Mandi Davis

Steve Sisolak
Governor

Richard Whitley, MS
Director



DEPARTMENT OF HEALTH AND HUMAN SERVICES

Division of Child and Family Services

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Ross Armstrong
Administrator

Date:	March 10, 2020
Program:	U.S. Department of Health and Human Services Child Welfare Services Title IVB, subpart 1, CFDA 93.645 Foster Care – Title IV-E, CFDA 93.658 Adoption Assistance, CFDA 93.659 Social Services Block Grant, CFDA 93.667
Corrective Action Plan	
Finding Number:	2019-034
Finding:	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.
Corrective Action Taken or To Be Taken	Enhance internal controls to ensure the cost allocation plan narrative appropriately reflects allocation methods and allocation statistics are accurate.
If <u>already</u> taken, date of completion:	For the quarter ending 12/31/19, changes were made to the allocation methods in AlloCAP to accurately reflect changes to the PACAP narrative which was submitted 12/19/19.
If to be taken, estimated date of completion:	By 6/30/20, revise cost allocations for the periods ending 9/30/18, 12/31/18, 3/31/19 and 6/30/19 and submit revised billings/claims for all programs affected by incorrect cost allocations.
Agency Response	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	Prior Year Finding 2018-038.
Division Responsible for Corrective Action	
Name, Title	Katrina Nielsen, Administrative Services Officer IV
Address	4126 Technology Way
City, State, Zip Code	Carson City, NV 89706
Phone Number	775-684-4414
Email	knielsen@dcfs.nv.gov
Reviewed and Approved	
Mandi Davis, Deputy Administrator	
Date 3/10/20	Signature <i>Mandi Davis</i>

Steve Sisolak
Governor

Richard Whitley, MS
Director



DEPARTMENT OF HEALTH AND HUMAN SERVICES

Division of Child and Family Services

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Ross Armstrong
Administrator

Date:	March 10, 2020
Program:	U.S. Department of Health and Human Services Foster Care – Title IV-E, CFDA 93.658 Adoption Assistance, CFDA 93.659
Corrective Action Plan	
Finding Number:	2019-035
Finding:	Subawards did not include certain information required by Uniform Guidance.
Corrective Action Taken or To Be Taken	The Department has updated is subaward template to include all information required by Uniform Guidance.
If <u>already</u> taken, date of completion:	July 1, 2019
If to be taken, estimated date of completion:	
Agency Response	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	Fully Implemented. Prior Year Finding 2017-031 & 2018-041
Division Responsible for Corrective Action	
Name, Title	Katrina Nielsen, Administrative Services Officer IV
Address	4126 Technology Way
City, State, Zip Code	Carson City, NV 89706
Phone Number	775-684-4414
Email	knielsen@dcfs.nv.gov
Reviewed and Approved	
Mandi Davis, Deputy Administrator	
Date 3/10/20	Signature <i>Mandi Davis</i>

Steve Sisolak
Governor

Richard Whitley, MS
Director



DEPARTMENT OF HEALTH AND HUMAN SERVICES

Division of Child and Family Services

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Ross Armstrong
Administrator

Date:	March 10, 2020
Program:	U.S. Department of Health and Human Services Foster Care – Title IV-E, CFDA 93.658 Adoption Assistance, CFDA 93.659
Corrective Action Plan	
Finding Number:	2019-036
Finding:	Amounts were originally reported incorrectly on the SEFA.
Corrective Action Taken or To Be Taken	Enhance internal controls to ensure total Federal expenditures and payments to subrecipients are appropriately reported on the SEFA.
If <u>already</u> taken, date of completion:	SFY 2019 SARF/SEFA reports to the Controller's Office were corrected on February 21, 2020. March 2020, the internal procedures for SARF/SEFA reporting have been revised to exclude non-subrecipient costs. Communications are ongoing with the Controller's Office to ensure that the annual SEFA is completed correctly.
If to be taken, estimated date of completion:	
Agency Response	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	Future SEFA reports will be verified accurate with the Controller's Office following submission. Prior Year Finding 2018-042.
Division Responsible for Corrective Action	
Name, Title	Katrina Nielsen, Administrative Services Officer IV
Address	4126 Technology Way
City, State, Zip Code	Carson City, NV 89706
Phone Number	775-684-4414
Email	knielsen@dcfs.nv.gov
Reviewed and Approved	
Mandi Davis, Deputy Administrator	
Date 3/10/20	Signature Mandi Davis

Steve Sisolak
Governor

Richard Whitley, MS
Director



DEPARTMENT OF HEALTH AND HUMAN SERVICES

Division of Child and Family Services

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Ross Armstrong
Administrator

Date:	March 10, 2020
Program:	U.S. Department of Health and Human Services Adoption Assistance, CFDA 93.659
Corrective Action Plan	
Finding Number:	2019-037
Finding:	The amount of savings expended was reported inaccurately.
Corrective Action Taken or To Be Taken	Enhance internal controls to ensure the amount of expenditures resulting from adoption savings are accurately tracked and reported.
If <u>already</u> taken, date of completion:	March 2020, Procedure CB-496 Part 4 Annual Adoption Savings Report has been updated to clarify how to determine if adoption savings generated has been expended.
If to be taken, estimated date of completion:	By 06/30/20, the revised Adoption Savings Reports will be submitted to the federal awarding agency.
Agency Response	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	
Division Responsible for Corrective Action	
Name, Title	Katrina Nielsen, Administrative Services Officer IV
Address	4126 Technology Way
City, State, Zip Code	Carson City, NV 89706
Phone Number	775-684-4414
Email	knielsen@dcfs.nv.gov
Reviewed and Approved	
Mandi Davis, Deputy Administrator	
Date 3/10/20	Signature Mandi Davis

Steve Sisolak
Governor

Richard Whitley, MS
Director



**DEPARTMENT OF
HEALTH AND HUMAN SERVICES**
Division of Welfare and Supportive Services
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Steve H. Fisher
Administrator

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date: March 12, 2020

Program: **U.S. Department of Health and Human Services
Medicaid Cluster:
State medical Fraud Control Units, CFDA 93.775
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare, CFDA 93.777**

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

Finding number: 2019-039

Finding: There was no discernable 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.

Corrective Action Taken or To Be Taken: The Division will ensure the "Quality Assurance Tip of the Month" notification/publication reminds staff to date applications once received and reviewed, and to ensure all paper applications are date stamped.

If already taken, date of completion: March 13, 2020

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: Joe Garcia, Chief III
Phone Number: 775-684-0516
Email: jgarcia@dwss.nv.gov


Signature

Reviewed and Approved

03/12/2020
Date



CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date: March 13th, 2020

Program: U.S. Department of Health and Human Services
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: 2019-040

Finding: **Special Tests and Provisions – ADP Risk Analysis and System Security Review
Material Weakness in Internal Control over Compliance and Material Noncompliance**

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.

Corrective Action to
be Taken:

The Division of Health Care Financing & Policy (DHCFP) will undertake the following actions in order to address this finding:

1. The Automated Data Processing (ADP) System is the Medicaid Management Information System (MMIS) called interChange and is currently outsourced to and hosted by DXC Technology. interChange was implemented in February of 2019, replacing our Legacy MMIS. DXC has provided the contractually required risk assessment documentation (SSAE18 SOC type 2 reports) for their management of our system.
2. The DHCFP will submit a request for proposal (RFP) in order to procure a vendor to perform third-party security risk assessments every 2 years. Once the RFP process is initiated, it will take approximately 6 months to complete the vendor award. The

current target for completion is September of 2020,

3. During the 80th (2019) Nevada Legislative Session, the Legislature granted the DHCFP request for two Security related positions. A full-time dedicated Information Security Officer (ISO) and an Access Controls technician. The ISO position was filled in November of 2019, and Technician in January of 2020. These focused resources are responsible for Information Security policies, provisioning role-based system access for DHCFP Employees and remediating risks identified in the required biennial security risk assessments.

Estimated CAP
completion Date: 9/2020

Does Agency agree

with finding: Yes No Partially

Name, Title Jared Davies, Information Security Officer
Phone: (775) 684-3666
Email: jdavies@dhcfp.nv.gov

Suzanne Bierman
Suzanne Bierman (Apr 24, 2020)

Signature of Administrator

Reviewed and Approved 04/24/2020
Date