



Single Audit Report
June 30, 2021

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, 2021, 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, a discretely presented component unit, except for the correction of an error discussed in Note 19 to the financial statements, which we have audited. The financial statements of the Nevada system of Higher Education represent 97.69 percent of assets and deferred outflows of resources, 99.53 percent of net position, and 98.25 percent of revenues of the discretely presented component units;
- the financial statements of the Colorado River Commission, a discretely presented component unit, which represent 1.76 percent of assets and deferred outflows of resources, less than one percent of net position, and 1.58 percent of revenues of the discretely presented component units;
- the financial statements of the Pension Trust Funds and the Other Employee Benefit Trust Funds, which in the aggregate, represent 57.98 percent of the assets and deferred outflows of resources, 58.54 percent of the net position and 43.37 percent of the revenues of the aggregate remaining fund information;

- the financial statements of the Retirement Benefits Investment Fund – Investment Trust Fund, which represent less than one percent of the assets and deferred outflows of resources, net position and revenues of the aggregate remaining fund information.
- the financial statements of the Vanguard, SSGA, USAA, and Putnam Nevada College Savings Plans, a part of the Nevada College Savings Plan Private Purpose Trust Fund, which represent 36.07 percent of the assets and deferred outflows of resources, 36.99 percent of the net position and 29.55 percent of the revenues of the aggregate remaining fund information;
- the financial statements of the Self Insurance, Insurance Premiums, and Printing Internal Service Funds which, in the aggregate, represent less than one percent of the assets and deferred outflows of resources and the net position, and 1.16 percent of the revenues of the aggregate remaining fund information;
- the financial statements of the Legislative and Contingency internally designated funds, which are a part of the general fund, which in the aggregate, represent 1.01 percent of the assets and deferred outflows of resources, 4.48 percent of fund balance, and less than one percent of the revenues of the general fund.

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

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

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

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

We were unable to obtain sufficient appropriate audit evidence on the State's government-wide governmental activities inventory as it relates to the general fund's beginning of the year donated personal protective equipment inventory nor the highway fund beginning or ending stockpile inventory.

As a result, we were unable to determine whether additional adjustments were necessary on the State's governmental activities inventory and beginning net position as it relates to the general fund beginning of the year donated personal protective equipment inventory nor the highway fund beginning or ending stockpile inventory.

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

In our opinion, based on our audit and the reports of other auditors, except for the possible effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nevada, as of June 30, 2021, 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.

Unmodified Opinions

In our opinion, based on our audit and reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, each major fund other than the general fund and the highway fund, and the aggregate remaining fund information of the State of Nevada, as of June 30, 2021, 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 related to Medicaid expenditures, payables, and reimbursements. In addition, the State of Nevada corrected errors related to amounts due to component units, due from the primary government, and amounts related to unemployment benefit receivables. These errors resulted in a restatement of fund balance or net position as of July 1, 2020. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14, the budgetary comparison information, the notes to required supplementary information-budgetary reporting, the pension plan information, the postemployment benefits other than pensions (OPEB) information, and the schedule of infrastructure condition and maintenance data, collectively presented on pages 95 through 103, 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 June 10, 2022, 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 cursive script that reads "Eide Sully LLP".

Reno, Nevada
June 10, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

State of Nevada management provides this discussion and analysis of the State of Nevada's Annual Comprehensive Financial Report (ACFR) for readers of the State's financial statements. This narrative overview and analysis of the financial activities of the State of Nevada is for the fiscal year ended June 30, 2021. Readers should consider this information in conjunction with the additional information furnished in the letter of transmittal.

HIGHLIGHTS

Government-wide:

- Total assets and deferred outflows of resources of the State exceeded liabilities and deferred inflows of resources by \$10.8 billion (reported as net position). Of this amount, \$9.9 billion is net investment in capital assets and \$2.1 billion is restricted for specific uses, neither of which are available to meet the State's general obligations, and a negative \$1.2 billion is reported as an unrestricted deficit, which indicates that no funds are available for discretionary purposes.
- The State's total net position decreased by \$103.2 million, or 1.0%, over the prior year, after restatement. Net position of governmental activities increased by \$795.1 million, or 8.9%, after restatement. Net position of business-type activities decreased by \$898.4 million, or 46.7%, after restatement. Beginning net position of governmental activities was restated for a \$7.5 million decrease in premium revenue in the Self-insurance Fund; a net decrease of \$264.9 million in the General Fund due to an increase in Medicaid incurred but not reported (IBNR) claims expenditures of \$96.0 million, an increase in Medicaid IBNR related federal reimbursement of \$83.8 million, and an increase of Medicaid expenditures of \$252.7 million; and an increase of \$42.0 million in the CIP University System fund due to reclassifying due to component unit to fund balance. Beginning net position of business-type activities was restated for a decrease of \$65.5 million for emergency compensation revenue from the Federal Government.

Fund-level:

- The State's governmental funds reported combined ending fund balances of \$3.0 billion, an increase of \$649.9 million from the prior year, after restatement. Of the ending fund balance, \$593.7 million is nonspendable, \$706.0 million is restricted, \$1.6 billion is committed, \$13.8 million is assigned, and \$91.8 million is unassigned.
- The State's enterprise funds reported combined ending net position of \$1.0 billion, a decrease of \$898.0 million from the prior year, after restatement. Of the ending net position, \$5.1 million is net investment in capital assets, \$933.0 million is restricted, and \$87.7 million is unrestricted.

Capital Assets and Long-term Debt:

- The State's capital assets, net of depreciation, increased by \$259.7 million or 2.4%.
- The State's total bonds payable and certificates of participation payable decreased by \$5.4 million or 0.2%.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements:

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

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

improving or deteriorating.

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

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

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

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

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

Fund Financial Statements:

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

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

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

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

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

Notes to the Financial Statements:

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

Required Supplementary Information:

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

Other Supplementary Information:

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The State's overall financial position and operations for the fiscal years ended June 30, 2021 and 2020, 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
	2021	2020	2021	2020	2021	2020	2021-2020
Assets							
Current and other assets	\$ 9,900,637	\$ 5,899,978	\$ 3,003,842	\$ 4,345,062	\$ 12,904,479	\$ 10,245,040	\$ 2,659,439
Net capital assets	11,299,099	11,038,620	12,230	13,036	11,311,329	11,051,656	259,673
Total assets	<u>21,199,736</u>	<u>16,938,598</u>	<u>3,016,072</u>	<u>4,358,098</u>	<u>24,215,808</u>	<u>21,296,696</u>	<u>2,919,112</u>
Deferred outflows of resources	<u>507,441</u>	<u>505,302</u>	<u>8,891</u>	<u>8,695</u>	<u>516,332</u>	<u>513,997</u>	<u>2,335</u>
Liabilities							
Other liabilities	6,149,927	2,802,463	805,012	1,210,547	6,954,939	4,013,010	2,941,929
Non-current liabilities	5,613,102	5,436,690	1,190,333	1,227,133	6,803,435	6,663,823	139,612
Total liabilities	<u>11,763,029</u>	<u>8,239,153</u>	<u>1,995,345</u>	<u>2,437,680</u>	<u>13,758,374</u>	<u>10,676,833</u>	<u>3,081,541</u>
Deferred inflows of resources	<u>213,492</u>	<u>269,229</u>	<u>3,824</u>	<u>4,949</u>	<u>217,316</u>	<u>274,178</u>	<u>(56,862)</u>
Net position							
Net investment in capital assets	9,846,410	9,581,627	5,130	5,627	9,851,540	9,587,254	264,286
Restricted	1,212,473	1,309,935	932,984	1,858,847	2,145,457	3,168,782	(1,023,325)
Unrestricted (deficit)	(1,328,227)	(1,956,044)	87,680	59,690	(1,240,547)	(1,896,354)	655,807
Total net position	<u>\$ 9,730,656</u>	<u>\$ 8,935,518</u>	<u>\$ 1,025,794</u>	<u>\$ 1,924,164</u>	<u>\$ 10,756,450</u>	<u>\$ 10,859,682</u>	<u>\$ (103,232)</u>

Net Position:

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The State reported net position of \$10.8 billion at the end of 2021, compared with \$10.9 billion at the end of the previous year.

The largest portion of the State's net position (\$9.9 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 (\$2.1 billion) represents resources that are subject to external restrictions on how they may be used. At the close of the fiscal year, the State reported an unrestricted net position deficit of \$1.2 billion as compared to a \$1.9 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 \$627.8 million; from a deficit of \$2.0 billion to a deficit of \$1.3 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 \$637.9 million and \$15.3 million, respectively, after restatement, and an increase of \$35.0 million in deferred inflows of resources for unrestricted and unavailable revenue recognized as revenue in the government-wide statement of activities. In business-type activities, the unrestricted net position increased by \$28.0 million from a net position of \$59.7 million to a net position of \$87.7 million. The increase is primarily due to an increase in the unrestricted net position of the Housing Division fund in the amount of \$27.1 million and a decrease in the unrestricted net position deficit of the Information Services Fund in the amount of \$4.7 million.

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

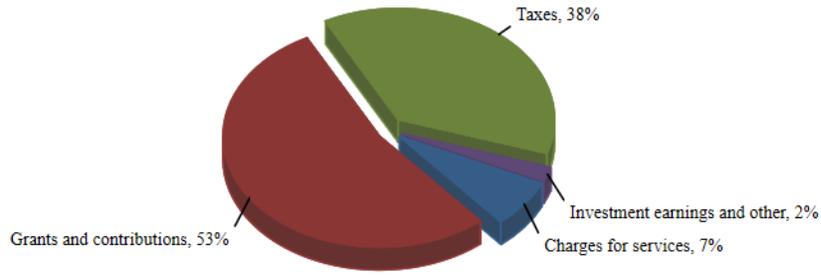
	Governmental Activities		Business-type Activities		Total		Total Change
	2021	2020	2021	2020	2021	2020	2021-2020
Revenue							
Program revenue							
Charges for services	\$ 954,364	\$ 898,813	\$ 147,300	\$ 142,867	\$ 1,101,664	\$ 1,041,680	\$ 59,984
Operating grants and contributions	7,380,203	5,592,299	5,493,887	3,952,488	12,874,090	9,544,787	3,329,303
Capital grants and contributions	7,317	27,732	-	-	7,317	27,732	(20,415)
General revenues:							
Gaming taxes	588,642	868,899	-	-	588,642	868,899	(280,257)
Sales and use taxes	1,666,373	1,502,046	-	-	1,666,373	1,502,046	164,327
Modified business taxes	591,148	666,232	-	-	591,148	666,232	(75,084)
Insurance premium taxes	488,161	450,749	-	-	488,161	450,749	37,412
Lodging taxes	94,223	157,099	-	-	94,223	157,099	(62,876)
Cigarette taxes	152,702	156,695	-	-	152,702	156,695	(3,993)
Commerce taxes	225,944	206,609	-	-	225,944	206,609	19,335
Property and transfer taxes	346,408	294,656	-	-	346,408	294,656	51,752
Motor and special fuel taxes	332,713	315,659	-	-	332,713	315,659	17,054
Other taxes	753,326	606,474	611,252	677,006	1,364,578	1,283,480	81,098
Unrestricted investment earnings	265	45,763	-	-	265	45,763	(45,498)
Other general revenues	276,566	192,497	61	1	276,627	192,498	84,129
Total revenue	13,858,355	11,982,222	6,252,500	4,772,362	20,110,855	16,754,584	3,356,271
Expenses							
General government	646,811	262,522	-	-	646,811	262,522	384,289
Health services	4,771,672	4,275,154	-	-	4,771,672	4,275,154	496,518
Social services	2,406,499	1,886,634	-	-	2,406,499	1,886,634	519,865
Education - K-12 state support	1,701,099	1,803,605	-	-	1,701,099	1,803,605	(102,506)
Education - K-12 administrative	692,623	638,858	-	-	692,623	638,858	53,765
Education - higher education	566,306	696,982	-	-	566,306	696,982	(130,676)
Law, justice and public safety	757,496	865,199	-	-	757,496	865,199	(107,703)
Regulation of business	455,096	312,520	-	-	455,096	312,520	142,576
Transportation	625,214	553,452	-	-	625,214	553,452	71,762
Recreation and resource development	174,449	184,811	-	-	174,449	184,811	(10,362)
Interest on long-term debt	68,382	71,861	-	-	68,382	71,861	(3,479)
Unallocated depreciation	2,534	2,439	-	-	2,534	2,439	95
Unemployment insurance	-	-	6,928,085	5,474,096	6,928,085	5,474,096	1,453,989
Housing	-	-	34,856	35,647	34,856	35,647	(791)
Water loans	-	-	5,177	5,758	5,177	5,758	(581)
Workers' compensation and safety	-	-	48,031	42,469	48,031	42,469	5,562
Higher education tuition	-	-	17,734	11,167	17,734	11,167	6,567
Other	-	-	29,694	32,632	29,694	32,632	(2,938)
Total expenses	12,868,181	11,554,037	7,063,577	5,601,769	19,931,758	17,155,806	2,775,952
Change in net position before contributions to permanent funds, special items and transfers	990,174	428,185	(811,077)	(829,407)	179,097	(401,222)	580,319
Contributions to permanent funds	13,650	16,589	-	-	13,650	16,589	(2,939)
Transfers	21,798	17,929	(21,798)	(17,929)	-	-	-
Change in net position	1,025,622	462,703	(832,875)	(847,336)	192,747	(384,633)	577,380
Net position - beginning of year	8,935,518	8,466,018	1,924,164	2,773,390	10,859,682	11,239,408	(379,726)
Net position restatement	(230,484)	6,797	(65,495)	(1,890)	(295,979)	4,907	(300,886)
Net position - beginning of year (as restated)	8,705,034	8,472,815	1,858,669	2,771,500	10,563,703	11,244,315	(680,612)
Net position - end of year	\$ 9,730,656	\$ 8,935,518	\$ 1,025,794	\$ 1,924,164	\$ 10,756,450	\$ 10,859,682	\$ (103,232)

Changes in Net Position:

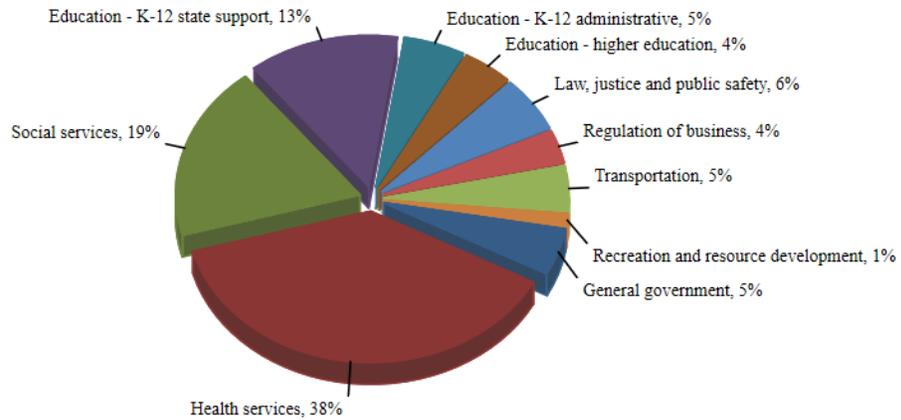
Total government-wide revenues increased by \$3.4 billion during the current year. The increase in revenues is a result of several factors, including increases of \$3.3 billion in federal funding, \$164.3 million in sales and use taxes, and \$60.0 million in charges for services.

Governmental activities – The current year net position increased by \$1.0 billion. Approximately 37.8% of the total revenue came from taxes, while 53.3% was in the form of grants and contributions (including federal aid). Charges for various goods and services provided 6.9% of the total revenues (see chart following). The State's governmental activities expenses cover a range of services and the largest expenses were 37.3% for health services, 18.8% for social services, and 13.3% for state support of K-12 education (see chart following). In 2021, governmental activities expenses exceeded program revenues, resulting in the use of \$4.5 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:



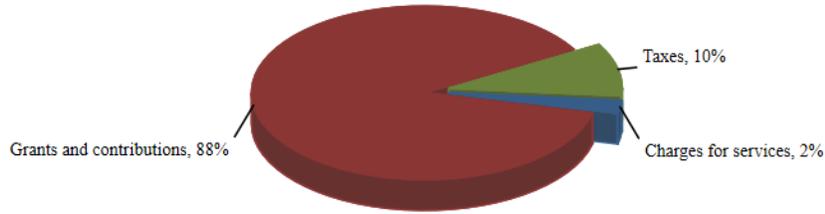
The following table depicts the total program revenues and expenses for each function of governmental activities:

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

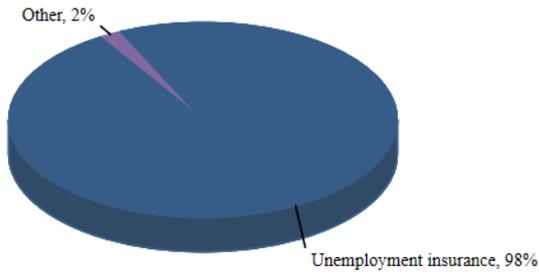
	Expenses	Revenues
General government	\$ 646,811	\$ 438,292
Health services	4,771,672	4,223,701
Social services	2,406,499	1,815,086
Education - K-12 state support	1,701,099	5,151
Education - K-12 administrative	692,623	522,076
Education - higher education	566,306	-
Law, justice and public safety	757,496	539,150
Regulation of business	455,096	368,511
Transportation	625,214	310,930
Recreation and resource development	174,449	118,986
Total	\$ 12,797,265	\$ 8,341,883

Business-type activities – The current year net position decreased by \$832.9 million. Approximately 9.8% of the total revenue came from taxes, while 87.9% was in the form of grants and contributions (including federal aid). Charges for various goods and services provided 2.4% of the total revenues (see chart following). The State’s business-type activities expenses cover a range of services. The largest expenses were 98.1% for unemployment compensation (see chart following). In 2021, business-type activities expenses exceeded program revenues by \$1.4 billion. Of this amount, unemployment compensation was the largest, with net expenses of \$1.6 billion, resulting in the use of general revenues generated by and restricted to the Unemployment Compensation Fund.

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



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



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

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

	<u>Expenses</u>	<u>Revenues</u>
Unemployment insurance	\$ 6,928,085	\$ 5,374,493
Housing	34,856	45,143
Water loans	5,177	37,240
Workers' compensation and safety	48,031	56,506
Higher education tuition	17,734	94,223
Other	29,694	33,582
Total	<u>\$ 7,063,577</u>	<u>\$ 5,641,187</u>

The State’s overall financial position improved over the past year. Current year operations resulted in a \$1.0 billion increase in the net position of the governmental activities and an \$832.9 million decrease in the net position of the business-type activities. Key economic indicators from the State’s sales and other taxes show positive growth. Tax revenues for governmental activities increased in the current fiscal year by \$14.5 million, or 0.3%, compared to an increase of \$57.2 million, or 1.1%, in the prior fiscal year. Operating grants and contributions for governmental activities increased by \$1.8 billion, primarily due to grant revenues.

FINANCIAL ANALYSIS OF THE STATE’S FUNDS

Governmental Funds:

As of the end of the current fiscal year, the State’s governmental funds reported combined ending fund balances of \$3.0 billion, an increase of \$650.0 million from the prior year. Of these total ending fund balances, \$593.7 million, or 20.0%, is nonspendable, either due to its form or legal constraints, and \$706.0 million, or 23.8%, is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. An additional \$1.6 billion, or 52.6%, 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, 2021, is \$393.4 million. An additional \$13.8 million, or 0.5%, of total fund balance is assigned. The remaining positive \$91.8 million, or 3.1%, of fund balance is unassigned. The major funds are discussed more fully below.

The *General Fund* is the chief operating fund of the State. At the end of the current fiscal year, the total General Fund fund balance was \$1.4 billion compared to \$804.8 million in the prior fiscal year. The fund balance increased by \$616.2 million, or 76.6%, over the previous year.

The following schedule presents a summary of revenues of the General Fund for the fiscal years ended June 30, 2021 and 2020 (expressed in thousands). Other financing sources are not included.

	General Fund Revenues (expressed in thousands)					
	2021		2020		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
Gaming taxes, fees, licenses	\$ 579,225	4.7 %	\$ 856,817	8.3 %	\$ (277,592)	(32.4)%
Sales taxes	1,671,351	13.6 %	1,493,718	14.5 %	177,633	11.9 %
Modified business taxes	597,144	4.9 %	642,603	6.2 %	(45,459)	(7.1)%
Insurance premium taxes	487,866	4.0 %	450,739	4.4 %	37,127	8.2 %
Lodging taxes	81,948	0.7 %	138,011	1.3 %	(56,063)	(40.6)%
Cigarette taxes	152,702	1.2 %	156,695	1.5 %	(3,993)	(2.5)%
Commerce taxes	221,958	1.8 %	204,984	2.0 %	16,974	8.3 %
Property and transfer taxes	136,951	1.1 %	103,065	1.0 %	33,886	32.9 %
Motor and special fuel taxes	2,216	0.0 %	2,190	0.0 %	26	1.2 %
Other taxes	641,357	5.2 %	431,521	4.2 %	209,836	48.6 %
Intergovernmental	7,102,604	57.9 %	5,273,127	51.2 %	1,829,477	34.7 %
Licenses, fees and permits	421,563	3.4 %	379,279	3.7 %	42,284	11.1 %
Sales and charges for services	62,789	0.5 %	67,688	0.7 %	(4,899)	(7.2)%
Interest and investment income	3,268	0.0 %	49,745	0.5 %	(46,477)	(93.4)%
Settlement income	14,277	0.1 %	1,390	0.0 %	12,887	927.1 %
Other	88,611	0.7 %	57,352	0.6 %	31,259	54.5 %
Total revenues	\$ 12,265,830	100.0 %	\$ 10,308,924	100.0 %	\$ 1,956,906	19.0 %

The total General Fund revenues increased by \$2.0 million, or 19.0%. The largest increases in revenue sources were \$1.8 billion, or 34.7%, in intergovernmental revenue, \$210.0 million, or 48.6%, in other taxes, and \$177.6 million, or 11.9%, in sales taxes. The intergovernmental revenue increased mainly due to increases in Title XIX Medicaid receipts and federal aid for food stamps, as well as the receipt of pandemic assistance from the funds related to the CARES Act and American Recovery Plan Act. Additionally, other tax revenue, including minerals tax and basic government services tax, increased during the fiscal year due to changes in State legislation requiring advance payments and higher portions returned to the General Fund. Sales taxes increased during the year due to a shift to taxable goods spending from service-based spending and the increased registration and compliance with the new Market Place Facilitators required by AB445 passed in the 2019 legislative session. The decreases in lodging taxes, commerce taxes, and gaming taxes, fees, and licenses are all primarily due to industry shutdowns due to the COVID-19 pandemic. The increase in settlement income is primarily due to the timing of legal cases and has normal fluctuations.

In addition, \$2.7 billion in COVID-19 relief funding from the CARES Act and American Recovery Plan Act was recorded as revenue in the General Fund. During the fiscal year, \$61.7 million of this funding was transferred to other funds for pandemic-related assistance. The largest of these transfers were to the State Highway Fund, the Employment Security Fund, the Self-Insurance Fund, and the Tourism Promotion Fund in the amounts of \$30.7 million, \$12.5 million, \$9.5 million, and \$4.7 million, respectively.

The following schedule presents a summary of expenditures by function of the General Fund for the fiscal years ended June 30, 2021 and 2020 (expressed in thousands). Other financing uses are not included.

	General Fund Expenditures (expressed in thousands)					
	2021		2020		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
General government	\$ 420,907	3.6 %	\$ 198,363	1.9 %	\$ 222,544	112.2 %
Health services	4,800,217	41.5 %	4,269,152	41.1 %	531,065	12.4 %
Social services	2,246,302	19.4 %	1,774,593	17.1 %	471,709	26.6 %
Education - K-12 state support	1,701,099	14.7 %	1,803,605	17.4 %	(102,506)	(5.7)%
Education - K-12 administrative	681,183	5.9 %	633,393	6.1 %	47,790	7.5 %
Education - higher education	566,306	4.9 %	667,274	6.4 %	(100,968)	(15.1)%
Law, justice and public safety	559,929	4.8 %	588,164	5.7 %	(28,235)	(4.8)%
Regulation of business	432,792	3.7 %	289,108	2.8 %	143,684	49.7 %
Recreation and resource development	148,364	1.3 %	163,566	1.6 %	(15,202)	(9.3)%
Debt service	3,495	0.0 %	3,487	0.0 %	8	0.2 %
Total expenditures	\$ 11,560,594	100.0 %	\$ 10,390,705	100.0 %	\$ 1,169,889	11.3 %

The total General Fund expenditures increased by 11.3%. The largest increases in expenditures were \$531.1 million, or 12.4%, in Health Services, \$471.7 million, or 26.6% in Social Services, and \$222.5 million, or 112.2%, in General Government. The increases in Health Services and Social Services were primarily due to an increase in Medicaid and food stamp program distributions. The increase in General Government was primarily due to COVID-19 relief payments to other local governments.

The *State Highway Fund* is a special revenue fund used to account for the maintenance, regulation, and construction of public highways and is funded through vehicle fuel taxes, federal funds, other charges, and bond revenue. The fund balance increased by \$28.8 million or 5.5% during the current fiscal year compared to an increase of \$60.8 million, before restatement, or 13.2%, in the prior year. Total revenues decreased by \$131.1 million, due primarily to a decrease in taxes. A significant portion of the decrease was due to changes in State legislation that required the basic governmental service tax revenue collected to be transferred to the General Fund. Expenditures increased by \$69.7 million, or 7.2%, over the prior year. This was primarily due to an increase of \$71.3 million in transportation expenditures, due to major road construction projects either nearing completion or being completed. Other financing sources and uses increased by \$168.8 million, or 1,237.1%, due to the issuance of bonds.

Proprietary Funds:

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

Enterprise Funds – There are four major enterprise funds: Housing Division Fund, Unemployment Compensation Fund, Water Projects Loans Fund and the Higher Education Tuition Trust Fund. The combined net position of the four major funds is \$1.0 billion, the net position of the nonmajor enterprise funds is \$27.6 million and the total combined net position of all enterprise funds is \$1.0 billion. The combined net position of all enterprise funds decreased by \$898.0 million from the prior year, after restatement. The major enterprise funds are discussed below:

The *Housing Division Fund* was created for the purpose of making available additional funds to assist private enterprise and governmental agencies in providing safe and sanitary housing facilities and provides low interest loans for first-time home buyers with low or moderate incomes. The net position increased by \$10.3 million, or 4.4%, resulting in an ending net position of \$246.4 million. Revenues from interest on loans increased by 1.7%, reflecting Nevada's strong housing market. Operating expenses decreased by \$1.8 million, and operating revenues decreased by \$1.8 million.

The *Unemployment Compensation Fund* accounts for the payment of unemployment compensation benefits to unemployed State citizens. The net position decreased by \$1.0 billion from the prior year, after restatement, resulting in an ending net position of \$22.5 million. The current year change in net position was a decrease of \$948.8 million and the beginning net position was decreased by \$65.5 million for a change in methodology for calculating unemployment benefits that resulted in higher claims expense. The current year decrease in net position is primarily due to expenses exceeding revenues by \$942.7 million. During fiscal year 2021, \$6.9 billion of unemployment compensation benefits was paid to unemployed State citizens compared to \$5.5 billion paid in fiscal year 2020, representing a 26.6% increase in claims expense.

The *Water Projects Loans Fund* issues loans to governmental and private entities for two programs: Safe Drinking Water and Water Pollution Control. The federal EPA matches the State's bond proceeds to make loans to governmental entities; only federal funds are loaned to private entities. The net position increased by \$30.2 million during the current fiscal year, for a final net position of \$510.1 million, which is a 6.3% 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-third enrollment period during the fiscal year with 498 new enrollments. The net position increased by \$77.1 million, for an ending net position of \$219.1 million, a 54.3% increase over last year. This change in net position is considered a normal fluctuation in current activity from contract purchases, benefit payments, and investment earnings.

Internal Service Funds – The internal service funds charge State agencies for goods and services such as building maintenance, purchasing, printing, insurance, data processing and fleet services in order to recover the costs of the goods or services. Rates charged to State agencies for the operations of internal service funds are adjusted in following years to offset gains and losses. Because these are allocations of costs to other funds, they are not included separately in the government-wide financial statements but are eliminated and reclassified as either governmental activities or business-type activities. In 2021, total internal service fund net position increased by \$6.1 million, for a final net position of \$23.7 million, after restatement. The three largest funds are:

The *Self-Insurance Fund* accounts for group health, life and disability insurance for State employees and retirees and certain other public employees. Net position increased by \$4.0 million, or 4.7%, during the current year, for a final net position of \$88.6 million, after restatement. The increase in net position from current activity is primarily due to an increase in the State subsidy that was set in the 2019 Legislative Session.

The *Information Services Fund* accounts for design, maintenance and operation of the State's central computer facility, radio communication, and telecommunication systems. The net position deficit decreased by \$3.1 million, or 18.7%, during the current year, for a final net position deficit of \$13.5 million. The increase in net position from current activity is considered a normal fluctuation in charges for services and expenses of the fund.

The *Insurance Premiums Fund* accounts for general, civil (tort), auto and property casualty liabilities of State agencies. The net position deficit increased by \$7.5 million, or 17.5%, during the current year, resulting in an ending net position deficit of \$50.4 million. The decrease in net position from current activity is due to losses in the tort fund and increases in the liability tort cap that led to greater claims projections.

ANALYSIS OF GENERAL FUND BUDGET VARIATIONS

The General Fund budgetary revenues and other financing sources were \$2.6 billion, or 12.8%, less than the final budget, primarily because actual intergovernmental revenues received were less than the final budgeted amount. Intergovernmental revenues represent federal grants, and there are timing differences arising from when grants are awarded, received and spent. The final budget can include grant revenue for the entire grant period, whereas the actual amount recorded represents grant revenue received in the current year.

The net increase in the General Fund expenditures and other uses budget from original to final was \$6.0 billion. Some of the differences originate because the original budget consists only of those budgets subject to legislative approval through the General Appropriations Act and the Authorizations Bill. The non-executive budgets, not subject to legislative approval, only require approval by the Budget Division, and, if approved after July 1, are considered to be revisions. Increases due to the nonexecutive budgets approved after July 1 and increased estimated receipts were approximately \$6.1 billion.

CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

Capital Assets:

The State's capital assets for governmental and business-type activities as of June 30, 2021, amount to \$12.9 billion, net of accumulated depreciation of \$1.6 billion, resulting in a net book value of \$11.3 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, 2021, the State had construction contract commitments of approximately \$560.1 million in the Highway Fund for construction of various highway projects, and \$24.9 million in capital projects funds for buildings and improvements. Funding for the commitments will come from existing resources in these funds and from future appropriations and bond proceeds.

As allowed by GASB Statement No. 34, the State has adopted an alternative process for recording depreciation expense on elected infrastructure assets. Under this alternative method, referred to as the modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense on infrastructure. Utilization of this approach requires the State to: 1)

commit to maintaining and preserving affected assets at or above a condition level established by the State; 2) maintain an inventory of the assets and perform periodic condition assessments to ensure that the condition level is being maintained; and 3) make annual estimates of the amounts that must be expended to maintain and preserve assets at the predetermined condition levels. To monitor the condition of the roadways the State uses the International Roughness Index (IRI). The State has set a policy that it will maintain a certain percentage of each category of its roadways with an IRI of less than 95 and will also maintain its bridges so that not more than 10% are structurally deficient. The following table shows the State's policy and the condition level of the roadways and bridges:

Condition Level of the Roadways

Percentage of roadways with an IRI of less than 95

	Category				
	I	II	III	IV	V
State Policy-minimum percentage	70%	65%	60%	40%	10%
Actual results of 2020 condition assessment	91%	86%	87%	54%	28%
Actual results of 2019 condition assessment	91%	86%	88%	57%	28%
Actual results of 2018 condition assessment	90%	88%	91%	58%	25%

Condition Level of the Bridges

Percentage of substandard bridges

	2021	2020	2018
State Policy-minimum percentage	7%	7%	10%
Actual results condition assessment	1%	1%	2%

The estimated amount necessary to maintain and preserve infrastructure assets at target condition levels exceeded the actual amounts of expense incurred for fiscal year 2021 by \$30.9 million. Even though actual spending for maintenance and preservation of infrastructure assets fell below estimates, condition levels are expected to approximately meet or exceed the target condition levels for the roadway category. Additional information on the State's infrastructure can be found in the schedule of Infrastructure Condition and Maintenance Data in the Required Supplementary Information section to the financial statements.

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

Long-term Debt Administration:

As of year-end, the State had \$3.1 billion in bonds and certificates of participation outstanding, compared to \$3.1 billion last year, a decrease of \$5.4 million, or 0.2%, during the current fiscal year. This decrease was due primarily to the payment of principal on debt and refunding of general obligation bonds.

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

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

Requests for Information

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

Statement of Net Position

June 30, 2021 (Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and pooled investments	\$ 6,363,291	\$ 510,291	\$ 6,873,582	\$ 224,644
Investments	481,083	641,940	1,123,023	1,809,218
Internal balances	(720)	720	-	-
Due from component unit	23,569	-	23,569	-
Due from primary government	-	-	-	34,091
Accounts receivable	230,131	5,689	235,820	83,917
Taxes/assessments receivable	1,412,889	188,558	1,601,447	-
Intergovernmental receivables	933,757	269,782	1,203,539	146,824
Accrued interest and dividends	12,279	34,358	46,637	64
Contracts receivable	-	34,140	34,140	-
Mortgages receivable	-	682,268	682,268	-
Notes/loans receivable	92,980	471,152	564,132	5,926
Capital lease receivable	45,200	-	45,200	-
Other receivables	66	29,745	29,811	10,428
Inventory	125,381	1,882	127,263	9,970
Prepaid expenses	5,332	773	6,105	25,368
<i>Restricted assets:</i>				
Cash	175,395	-	175,395	68,349
Investments	-	132,539	132,539	17,771
Other assets	4	5	9	85,907
<i>Capital assets:</i>				
Land, infrastructure and construction in progress	9,764,008	568	9,764,576	303,399
Other capital assets, net	1,535,091	11,663	1,546,754	2,291,548
Total assets	21,199,736	3,016,073	24,215,809	5,117,424
Deferred Outflows of Resources				
Deferred charge on refunding	31,484	165	31,649	10,261
Pension related amounts	375,901	6,807	382,708	72,793
OPEB related amounts	100,056	1,919	101,975	64,709
Total deferred outflows of resources	507,441	8,891	516,332	147,763
Liabilities				
Accounts payable	2,014,352	733,987	2,748,339	55,767
Accrued payroll and related liabilities	77,364	1,278	78,642	95,396
Intergovernmental payables	425,439	49,980	475,419	-
Interest payable	16,069	4,083	20,152	13,735
Due to component units	34,091	-	34,091	-
Due to primary government	-	-	-	23,569
Contracts/retentions payable	43,480	-	43,480	-
Unearned revenues	3,267,136	15,674	3,282,810	77,059
Other liabilities	271,998	11	272,009	32,008
Long-term liabilities:				
<i>Portion due or payable within one year:</i>				
Reserve for losses	103,590	-	103,590	-
Obligations under capital leases	2,662	-	2,662	2,860
Compensated absences	93,317	1,875	95,192	42,476
Tuition benefits payable	-	19,863	19,863	-
Bonds payable	197,165	64,568	261,733	43,229
Certificates of participation payable	3,688	-	3,688	-
Pollution remediation obligations	656	-	656	-
<i>Portion due or payable after one year:</i>				
Federal advances	-	-	-	4,523
Reserve for losses	49,829	-	49,829	-
Obligations under capital leases	4,880	-	4,880	46,559
Net pension liability	2,311,453	43,310	2,354,763	430,389

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Statement of Net Position

June 30, 2021 (Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Net OPEB liability	865,699	16,607	882,306	609,145
Compensated absences	32,980	661	33,641	29,476
Tuition benefits payable	-	188,277	188,277	-
Bonds payable	1,876,014	855,172	2,731,186	704,537
Certificates of participation payable	67,299	-	67,299	-
Unearned revenue	-	-	-	40,288
Pollution remediation obligations	3,868	-	3,868	-
Total liabilities	11,763,029	1,995,346	13,758,375	2,251,016
Deferred Inflows of Resources				
Pension related amounts	150,630	2,645	153,275	21,881
OPEB related amounts	61,480	1,179	62,659	43,259
Taxes	121	-	121	-
Fines and forfeitures	1,261	-	1,261	-
Lease revenue	-	-	-	6,449
Split-interest agreements	-	-	-	7,206
Service concession arrangement	-	-	-	1,531
Total deferred inflows of resources	213,492	3,824	217,316	80,326
Net Position				
Net investment in capital assets	9,846,410	5,130	9,851,540	1,882,872
Restricted for:				
Unemployment compensation	-	22,476	22,476	-
Tuition contract benefits	-	219,139	219,139	-
Security of outstanding obligations	-	155,487	155,487	-
Workers' compensation	-	25,756	25,756	-
Capital projects	2,779	-	2,779	81,197
Debt service	26,310	-	26,310	34,378
Education - K to 12	3,776	-	3,776	6,245
Transportation	385,029	-	385,029	-
Recreation and resource development	50,232	-	50,232	-
Law, justice and public safety	32,032	-	32,032	-
Health services	285,980	-	285,980	-
Regulation of business	29,049	2	29,051	-
Scholarships	-	-	-	697,549
Loans	-	510,124	510,124	7,071
Research and development	-	-	-	12,081
Other purposes	229	-	229	7,148
Funds held as permanent investments:				
Nonexpendable	397,035	-	397,035	462,488
Expendable	22	-	22	-
Unrestricted (deficit)	(1,328,227)	87,680	(1,240,547)	(257,184)
Total net position	\$ 9,730,656	\$ 1,025,794	\$ 10,756,450	\$ 2,933,845

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

Statement of Activities

For the Year Ended June 30, 2021 (Expressed in Thousands)

Function/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary Government								
<i>Governmental activities:</i>								
General government	\$ 646,810	\$ 232,752	\$ 205,540	\$ -	\$ (208,518)	\$ -	\$ (208,518)	-
Health services	4,771,672	207,164	4,016,537	-	(547,971)	-	(547,971)	-
Social services	2,406,499	55,533	1,759,553	-	(591,413)	-	(591,413)	-
Education - K-12 state support	1,701,099	-	5,151	-	(1,695,948)	-	(1,695,948)	-
Education - K-12 administrative	692,623	2,974	519,102	-	(170,547)	-	(170,547)	-
Education - higher education	566,306	-	-	-	(566,306)	-	(566,306)	-
Law, justice and public safety	757,496	280,194	258,104	852	(218,346)	-	(218,346)	-
Regulation of business	455,096	92,328	276,183	-	(86,585)	-	(86,585)	-
Transportation	625,214	18,620	286,801	5,509	(314,284)	-	(314,284)	-
Recreation and resource development	174,449	64,798	53,232	956	(55,463)	-	(55,463)	-
Interest on long-term debt	68,382	-	-	-	(68,382)	-	(68,382)	-
Unallocated depreciation	2,534	-	-	-	(2,534)	-	(2,534)	-
Total governmental activities	<u>12,868,180</u>	<u>954,363</u>	<u>7,380,203</u>	<u>7,317</u>	<u>(4,526,297)</u>	<u>-</u>	<u>(4,526,297)</u>	<u>-</u>
<i>Business-type activities:</i>								
Unemployment insurance	6,928,083	4,249	5,370,244	-	-	(1,553,590)	(1,553,590)	-
Housing	34,856	35,060	10,083	-	-	10,287	10,287	-
Water loans	5,177	9,178	28,062	-	-	32,063	32,063	-
Workers' compensation and safety	48,031	53,673	2,833	-	-	8,475	8,475	-
Higher education tuition	17,734	11,631	82,592	-	-	76,489	76,489	-
Other	29,695	33,509	73	-	-	3,887	3,887	-
Total business-type activities	<u>7,063,576</u>	<u>147,300</u>	<u>5,493,887</u>	<u>-</u>	<u>-</u>	<u>(1,422,389)</u>	<u>(1,422,389)</u>	<u>-</u>
Total primary government	<u>\$ 19,931,756</u>	<u>\$ 1,101,663</u>	<u>\$ 12,874,090</u>	<u>\$ 7,317</u>	<u>(4,526,297)</u>	<u>(1,422,389)</u>	<u>(5,948,686)</u>	<u>-</u>
Total component units	<u>\$ 2,028,793</u>	<u>\$ 732,712</u>	<u>\$ 689,210</u>	<u>\$ 1,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(605,841)</u>

General Revenues:

Taxes:

Gaming taxes	588,642	-	588,642	-
Sales and use taxes	1,375,596	-	1,375,596	-
Modified business taxes	591,148	-	591,148	-
Insurance premium taxes	488,161	-	488,161	-
Cigarette taxes	152,702	-	152,702	-
Commerce taxes	225,944	-	225,944	-
Property and transfer taxes	153,506	-	153,506	-
Lodging taxes	12,275	-	12,275	-
Motor and special fuel taxes	2,216	-	2,216	-
Other taxes	583,686	377	584,063	-
Restricted for unemployment compensation:				
Other taxes	-	610,874	610,874	-

Restricted for general government purposes:				
Settlement income	1,545	-	1,545	-
Restricted for health services purposes:				
Other taxes	54,433	-	54,433	-
Restricted for social services purposes:				
Other taxes	14,721	-	14,721	-
Restricted for educational purposes:				
Sales and use taxes	290,778	-	290,778	-
Other taxes	92,138	-	92,138	-
Lodging taxes	81,948	-	81,948	-
Restricted for law, justice and public safety:				
Other	3,031	-	3,031	-
Other taxes	56	-	56	-
Restricted for regulation of business:				
Other taxes	4,797	-	4,797	-
Restricted for transportation purposes:				
Motor and special fuel taxes	255,078	-	255,078	-
Other taxes	2,560	-	2,560	-
Restricted for recreation and resources development:				
Other taxes	935	-	935	-
Settlement income	447	-	447	-
Restricted for debt service purposes:				
Property and transfer taxes	192,902	-	192,902	-
Motor and special fuel taxes	75,418	-	75,418	-
Other	3,498	-	3,498	-
Settlement income	85,107	-	85,107	-
Unrestricted investment earnings	265	-	265	361,362
Gain on sale of assets	-	61	61	2,147
Other general revenues	182,938	-	182,938	17,547
Contributions to permanent funds	13,650	-	13,650	12,870
Payments from State of Nevada	-	-	-	664,449
Transfers	21,798	(21,798)	-	-
Total general revenues, contributions, payments and transfers	<u>5,551,919</u>	<u>589,514</u>	<u>6,141,433</u>	<u>1,058,375</u>
Change in net position	<u>1,025,622</u>	<u>(832,875)</u>	<u>192,747</u>	<u>452,534</u>
Net position - beginning	8,935,518	1,924,164	10,859,682	2,639,715
Net position restatement	(230,484)	(65,495)	(295,979)	(158,404)
Net position - beginning (as restated)	<u>8,705,034</u>	<u>1,858,669</u>	<u>10,563,703</u>	<u>2,481,311</u>
Net position - ending	<u>\$ 9,730,656</u>	<u>\$ 1,025,794</u>	<u>\$ 10,756,450</u>	<u>\$ 2,933,845</u>

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

Balance Sheet

Governmental Funds

June 30, 2021

	General Fund	State Highway	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
<i>Cash and pooled investments:</i>				
Cash with treasurer	\$ 5,108,035,788	\$ 527,506,286	\$ 498,348,781	\$ 6,133,890,855
Cash in custody of other officials	6,015,509	3,622,145	3,375,489	13,013,143
Investments	32,259,323	-	448,823,931	481,083,254
<i>Receivables:</i>				
Accounts receivable	152,322,990	10,692,175	44,795,912	207,811,077
Taxes receivable	1,378,014,757	32,979,039	1,895,122	1,412,888,918
Intergovernmental receivables	899,034,733	16,169,079	17,688,049	932,891,861
Accrued interest and dividends	10,833,570	-	1,445,735	12,279,305
Notes/loans receivable	13,859,933	-	79,065,000	92,924,933
Capital lease receivable	-	-	45,200,000	45,200,000
Other receivables	65,895	-	-	65,895
Due from other funds	161,659,428	45,726,822	116,651,135	324,037,385
Due from fiduciary funds	124,247	-	1,211,890	1,336,137
Due from component units	134,189	-	23,355,302	23,489,491
Inventory	102,401,085	22,274,366	476,904	125,152,355
Advances to other funds	53,200,088	2,974,194	-	56,174,282
Restricted cash	4,906,513	93,125,362	77,363,299	175,395,174
Prepaid items	4,532,155	431,931	110,401	5,074,487
Total assets	\$ 7,927,400,203	\$ 755,501,399	\$ 1,359,806,950	\$10,042,708,552
Liabilities				
<i>Accounts payable and accruals:</i>				
Accounts payable	\$ 1,108,966,366	\$ 71,707,012	\$ 17,042,630	\$ 1,197,716,008
Accrued payroll and related liabilities	55,335,219	17,458,476	2,866,837	75,660,532
Intergovernmental payables	403,796,113	20,312,093	1,182,065	425,290,271
Contracts/retentions payable	890,709	31,551,725	11,037,203	43,479,637
Due to other funds	118,655,724	41,805,364	178,469,081	338,930,169
Due to fiduciary funds	787,910,459	7,738	2,443	787,920,640
Due to component units	31,582,132	194,484	2,297,663	34,074,279
Advances from other funds	-	-	50,000,000	50,000,000
Unearned revenues	3,264,847,356	30,614	2,238,722	3,267,116,692
Other liabilities	218,911,192	13,337,699	36,267,920	268,516,811
Total liabilities	5,990,895,270	196,405,205	301,404,564	6,488,705,039
Deferred Inflows of Resources				
<i>Unavailable revenue:</i>				
Taxes	205,899,222	3,903,361	359,785	210,162,368
Intergovernmental	254,713,582	-	-	254,713,582
Licenses, fees and permits	1,687,110	2,029,950	692	3,717,752
Sales and charges for services	8,830,922	188,887	-	9,019,809
Settlement income	-	-	18,034,394	18,034,394
Lease principal payments	-	-	45,200,000	45,200,000
Interest	2,787,766	658,847	719,648	4,166,261
Other	40,175,356	524,120	653,168	41,352,644
Taxes	120,954	-	-	120,954
Fines and forfeitures	1,260,924	-	-	1,260,924
Total deferred inflows of resources	515,475,836	7,305,165	64,967,687	587,748,688
Fund Balances				
Nonspendable	173,325,076	22,706,297	397,622,454	593,653,827
Restricted	80,690,016	451,517,704	173,746,164	705,953,884
Committed	1,061,451,176	77,567,028	422,066,081	1,561,084,285
Assigned	13,787,661	-	-	13,787,661
Unassigned	91,775,168	-	-	91,775,168
Total fund balances	1,421,029,097	551,791,029	993,434,699	2,966,254,825
Total liabilities, deferred inflows of resources and fund balances	\$ 7,927,400,203	\$ 755,501,399	\$ 1,359,806,950	\$10,042,708,552

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, 2021

Total fund balances - governmental funds \$ 2,966,254,825

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

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

Land	\$	173,229,949	
Construction in progress		2,647,614,837	
Infrastructure assets		5,969,820,884	
Rights-of-way		972,309,747	
Buildings		2,063,669,558	
Improvements other than buildings		162,702,050	
Furniture and equipment		475,841,885	
Software costs		320,732,844	
Accumulated depreciation/amortization		<u>(1,511,045,133)</u>	
Total capital assets			11,274,876,621

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. 586,366,810

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position. 23,705,514

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. 31,483,970

Deferred outflow of resources related to pensions are not reported in the governmental funds. 366,690,108

Deferred outflow of resources related to other post-employment benefits are not reported in the governmental funds. 97,407,503

Deferred inflow of resources related to pensions are not reported in the governmental funds. (146,951,688)

Deferred inflow of resources related to other post-employment benefits are not reported in the governmental funds. (59,849,794)

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

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

Those liabilities consist of:

Net pension liability		(2,254,221,408)	
Net OPEB liability		(842,713,669)	
Bonds payable		(2,071,009,216)	
Accrued interest on bonds		(16,069,334)	
Certificates of participation		(70,986,940)	
Capital leases		(7,257,125)	
Compensated absences		(122,305,045)	
Pollution remediation liability		<u>(4,523,555)</u>	
Total long-term liabilities			<u>(5,389,086,292)</u>

Net position of governmental activities \$ 9,730,656,852

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, 2021

	General Fund	State Highway	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Gaming taxes, fees, licenses	\$ 579,224,841	\$ -	\$ 12,618,027	\$ 591,842,868
Sales taxes	1,671,350,898	-	-	1,671,350,898
Modified business taxes	597,144,096	-	-	597,144,096
Insurance premium taxes	487,866,081	-	-	487,866,081
Lodging taxes	81,947,509	-	-	81,947,509
Cigarette taxes	152,701,797	-	-	152,701,797
Commerce taxes	221,958,301	-	-	221,958,301
Property and transfer taxes	136,950,802	-	209,457,123	346,407,925
Motor and special fuel taxes	2,215,911	255,078,232	75,418,365	332,712,508
Other taxes	641,356,804	62,043,085	43,162,863	746,562,752
Intergovernmental	7,102,604,480	297,356,423	138,401,856	7,538,362,759
Licenses, fees and permits	421,562,786	228,592,249	22,089,582	672,244,617
Sales and charges for services	62,788,878	20,244,804	20,629,174	103,662,856
Interest and investment income	3,268,499	(1,067,315)	74,875,626	77,076,810
Settlement income	14,276,991	-	72,257,076	86,534,067
Land sales	-	-	6,514,366	6,514,366
Other	88,611,118	25,443,577	26,864,904	140,919,599
Total revenues	12,265,829,792	887,691,055	702,288,962	13,855,809,809
Expenditures				
<i>Current:</i>				
General government	420,907,335	-	45,099,781	466,007,116
Health services	4,800,217,428	-	1,326,939	4,801,544,367
Social services	2,246,301,712	-	127,366,893	2,373,668,605
Education - K-12 state support	1,701,098,826	-	-	1,701,098,826
Education - K-12 administrative	681,183,344	-	10,368,617	691,551,961
Education - higher education	566,305,797	-	69,559,670	635,865,467
Law, justice and public safety	559,929,066	200,127,855	32,228,665	792,285,586
Regulation of business	432,791,876	-	18,516,843	451,308,719
Transportation	-	839,630,875	-	839,630,875
Recreation and resource development	148,364,427	-	21,581,797	169,946,224
Capital outlay	-	-	44,043,811	44,043,811
<i>Debt service:</i>				
Principal	2,985,108	-	195,614,000	198,599,108
Interest, fiscal charges	472,569	-	91,381,230	91,853,799
Debt issuance costs	37,024	1,573,124	1,426,697	3,036,845
Total expenditures	11,560,594,512	1,041,331,854	658,514,943	13,260,441,309
Excess (deficiency) of revenues over (under) expenditures	705,235,280	(153,640,799)	43,774,019	595,368,500
Other Financing Sources (Uses)				
Bonds issued	2,675,000	143,480,000	89,055,000	235,210,000
Refunding bonds issued	-	-	13,375,000	13,375,000
Premium on bonds issued	363,718	18,101,818	15,188,432	33,653,968
Payment to refunded bond agent	-	-	(16,125,000)	(16,125,000)
Sale of capital assets	335,220	-	-	335,220
Transfers in	295,005,154	42,517,507	182,589,019	520,111,680
Transfers out	(122,448,850)	(21,702,087)	(364,926,420)	(509,077,357)
Total other financing sources (uses)	175,930,242	182,397,238	(80,843,969)	277,483,511
Net change in fund balances	881,165,522	28,756,439	(37,069,950)	872,852,011
Fund balances, July 1	804,793,153	523,034,590	988,526,848	2,316,354,591
Fund balance restatement	(264,929,578)	-	41,977,801	(222,951,777)
Fund balances, July 1 (as restated)	539,863,575	523,034,590	1,030,504,649	2,093,402,814
Fund balances, June 30	\$ 1,421,029,097	\$ 551,791,029	\$ 993,434,699	\$ 2,966,254,825

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, 2021

Net change in fund balances - total governmental funds		\$ 872,852,011
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	\$ 366,182,940	
Depreciation expense	<u>(99,346,258)</u>	
Excess of capital outlay over depreciation expense		266,836,682
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	(235,210,000)	
Refunding bonds issued	(13,375,000)	
Premiums on debt issued	<u>(33,653,968)</u>	
Total bond proceeds		(282,238,968)
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	191,724,677	
Certificates of participation retirement	3,376,000	
Payments to the bond refunding agent	16,125,000	
Capital lease payments	<u>2,614,108</u>	
Total long-term debt repayment		213,839,785
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.		
		13,953,618
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		
		12,723,290
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.		
		(911,963)
Amortization of deferred loss on early retirement of debt is reported as an expense for the statement of activities.		
		(8,431,735)
Amortization of premiums on bonds and certificates of participation is reported as a reduction of interest expense for the statement of activities.		
		34,888,781
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	(35,085,655)	
Other post-employment benefit costs, net	(33,210,229)	
Compensated absences	(9,828,004)	
Settlement agreement liability	(20,240,725)	
Pollution remediation liability	476,445	
Total additional expenditures		<u>(97,888,168)</u>
Net change in net position - governmental activities		<u>\$ 1,025,623,333</u>

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

Statement of Net Position

Proprietary Funds

June 30, 2021

	Enterprise Funds						Internal Service Funds
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise Funds	Total Enterprise Funds	
Assets							
Current assets:							
<i>Cash and pooled investments:</i>							
Cash with treasurer	\$ 3,193,280	\$ -	\$ 153,354,200	\$ 8,736,417	\$ 85,171,504	\$ 250,455,401	\$ 216,387,149
Cash in custody of other officials	18,086,711	240,785,232	-	739,476	224,167	259,835,586	-
Investments	121,664,136	-	-	383,915,263	-	505,579,399	-
<i>Receivables:</i>							
Accounts receivable	-	-	-	-	5,679,340	5,679,340	8,879,479
Assessments receivable	-	188,558,008	-	-	-	188,558,008	-
Intergovernmental receivables	-	268,438,970	369,898	-	973,480	269,782,348	865,142
Contracts receivable	-	-	-	7,794,568	-	7,794,568	-
Mortgages receivable	49,942,525	-	-	-	-	49,942,525	-
Accrued interest and dividends	29,442,746	-	4,430,675	484,163	-	34,357,584	-
Notes/loans receivable	-	-	34,773,857	-	-	34,773,857	5,000
Other receivables	-	29,744,629	-	-	-	29,744,629	-
Due from other funds	505,232	-	405,475	37,207	2,388,584	3,336,498	17,953,511
Due from fiduciary funds	-	-	-	-	9,423	9,423	12,104,243
Due from component units	-	-	-	-	-	-	79,671
Inventory	-	-	-	-	1,881,883	1,881,883	228,288
Prepaid items	356,097	-	652	391	415,815	772,955	257,932
<i>Restricted assets:</i>							
Investments	55,318,867	-	-	-	-	55,318,867	-
Total current assets	278,509,594	727,526,839	193,334,757	401,707,485	96,744,196	1,697,822,871	256,760,415
Noncurrent assets:							
Investments	136,360,493	-	-	-	-	136,360,493	-
<i>Receivables:</i>							
Contracts receivable	-	-	-	26,345,394	-	26,345,394	-
Mortgages receivable	632,325,178	-	-	-	-	632,325,178	-
Notes/loans receivable	56,553,860	-	379,824,098	-	-	436,377,958	50,000
<i>Restricted assets:</i>							
Investments	77,220,445	-	-	-	-	77,220,445	-
Other assets	-	-	-	-	5,000	5,000	3,761
<i>Capital assets:</i>							
Land	-	-	-	-	567,812	567,812	1,032,737
Buildings	-	-	-	-	1,406,840	1,406,840	20,392,485
Improvements other than buildings	-	-	-	-	5,638,507	5,638,507	3,839,621
Furniture and equipment	798,555	-	5,910	168,025	15,938,421	16,910,911	54,538,077
Software costs	-	-	-	-	-	-	16,134,510
Less accumulated depreciation/amortization	(729,066)	-	(5,910)	(161,460)	(11,397,627)	(12,294,063)	(71,714,822)
Total noncurrent assets	902,529,465	-	379,824,098	26,351,959	12,158,953	1,320,864,475	24,276,369
Total assets	1,181,039,059	727,526,839	573,158,855	428,059,444	108,903,149	3,018,687,346	281,036,784
Deferred Outflows of Resources							
Deferred charge on refunding	-	-	30,115	-	134,911	165,026	-
Pension related amounts	344,595	-	95,763	53,565	6,313,125	6,807,048	9,211,364
OPEB related amounts	98,006	-	27,015	15,685	1,778,115	1,918,821	2,648,145
Total deferred outflows of resources	442,601	-	152,893	69,250	8,226,151	8,890,895	11,859,509

(continued)

	Enterprise Funds						Internal Service Funds
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise Funds	Total Enterprise Funds	
Liabilities							
Current liabilities:							
<i>Accounts payable and accruals:</i>							
Accounts payable	\$ 76,503,879	\$ 654,909,078	\$ 95,859	\$ 158,105	\$ 2,277,470	\$ 733,944,391	\$ 6,258,589
Accrued payroll and related liabilities	62,438	-	18,927	11,054	1,185,203	1,277,622	1,703,520
Interest payable	3,051,319	-	974,532	-	57,612	4,083,463	-
Intergovernmental payables	-	49,962,329	-	-	17,971	49,980,300	148,839
Bank overdraft	-	-	-	-	-	-	2,210,420
Due to other funds	268,251	179,516	279,239	124,665	1,652,568	2,504,239	3,892,986
Due to fiduciary funds	-	-	-	-	39,180	39,180	4,699
Due to component units	-	-	-	-	-	-	16,658
Unearned revenues	-	-	-	-	15,674,422	15,674,422	3,483,494
Other liabilities	-	-	-	-	11,450	11,450	17,417
<i>Short-term portion of long-term liabilities:</i>							
Reserve for losses	-	-	-	-	-	-	103,589,736
Compensated absences	128,449	-	33,048	26,997	1,686,139	1,874,633	2,764,399
Benefits payable	-	-	-	19,863,426	-	19,863,426	-
Bonds payable	55,170,374	-	8,969,700	-	427,943	64,568,017	513,323
Obligations under capital leases	-	-	-	-	-	-	285,456
Total current liabilities	135,184,710	705,050,923	10,371,305	20,184,247	23,029,958	893,821,143	124,889,536
Noncurrent liabilities:							
Advances from other funds	-	-	-	-	103,350	103,350	6,070,932
Reserve for losses	-	-	-	-	-	-	49,828,997
Net pension obligation	2,186,161	-	611,554	333,705	40,178,232	43,309,652	57,231,711
Net OPEB liability	848,211	-	233,816	135,750	15,388,987	16,606,764	22,985,551
Compensated absences	49,572	-	14,037	22,721	574,605	660,935	1,228,078
Benefits payable	-	-	-	188,277,015	-	188,277,015	-
Bonds payable	796,596,504	-	51,902,935	-	6,672,525	855,171,964	1,656,311
Total noncurrent liabilities	799,680,448	-	52,762,342	188,769,191	62,917,699	1,104,129,680	139,001,580
Total liabilities	934,865,158	705,050,923	63,133,647	208,953,438	85,947,657	1,997,950,823	263,891,116
Deferred Inflows of Resources							
Pension related amounts	133,532	-	37,354	20,384	2,454,137	2,645,407	3,678,324
OPEB related amounts	60,239	-	16,606	9,641	1,092,899	1,179,385	1,630,675
Total deferred inflows of resources	193,771	-	53,960	30,025	3,547,036	3,824,792	5,308,999
Net Position							
Net investment in capital assets	69,489	-	-	6,565	5,053,485	5,129,539	21,779,735
<i>Restricted for:</i>							
Unemployment compensation	-	22,475,916	-	-	-	22,475,916	-
Tuition contract benefits	-	-	-	219,138,666	-	219,138,666	-
Security of outstanding obligations	155,487,167	-	-	-	-	155,487,167	-
Workers' compensation	-	-	-	-	25,755,672	25,755,672	-
Revolving loans	-	-	510,124,141	-	-	510,124,141	-
Regulation of business	-	-	-	-	2,000	2,000	-
Unrestricted (deficit)	90,866,075	-	-	-	(3,176,550)	87,689,525	1,916,443
Total net position	\$ 246,422,731	\$ 22,475,916	\$ 510,124,141	\$ 219,145,231	\$ 27,634,607	\$ 1,025,802,626	\$ 23,696,178
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.						(9,336)	
Net position of business-type activities						\$ 1,025,793,290	

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

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Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Fiscal Year Ended June 30, 2021

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 395,735,973
Sales	-	-	-	11,555,044	6,228,327	17,783,371	2,747,687
Assessments	-	610,874,465	-	-	377,477	611,251,942	-
Charges for services	-	-	5,747	75,800	12,494,321	12,575,868	64,451,129
Rental income	-	-	-	-	187,440	187,440	22,643,275
Interest income on loans/notes	24,215,907	-	9,172,359	-	-	33,388,266	-
Interest and investment income	6,737,385	-	-	-	-	6,737,385	-
Federal government	-	5,367,521,967	27,304,613	-	-	5,394,826,580	-
Licenses, fees and permits	-	-	-	-	41,447,951	41,447,951	-
Fines	-	-	-	-	3,355,852	3,355,852	-
Other	10,844,166	4,249,401	-	-	8,073,032	23,166,599	402,712
Total operating revenues	41,797,458	5,982,645,833	36,482,719	11,630,844	72,164,400	6,144,721,254	485,980,776
Operating Expenses							
Salaries and benefits	1,467,539	-	424,115	250,144	38,329,279	40,471,077	40,012,022
Operating	576,310	-	3,556,751	625,605	11,741,131	16,499,797	44,589,667
Claims and benefits expense	-	6,928,084,641	-	16,845,703	8,054,591	6,952,984,935	322,205,786
Interest on bonds payable	28,783,244	-	1,193,190	-	-	29,976,434	-
Materials or supplies used	-	-	-	-	2,621,160	2,621,160	237,077
Servicers' fees	9,811	-	-	-	-	9,811	-
Depreciation	36,255	-	-	16,698	856,807	909,760	6,238,005
Bond issuance costs	1,715,904	-	-	-	-	1,715,904	-
Insurance premiums	-	-	-	-	-	-	69,591,813
Total operating expenses	32,589,063	6,928,084,641	5,174,056	17,738,150	61,602,968	7,045,188,878	482,874,370
Operating income (loss)	9,208,395	(945,438,808)	31,308,663	(6,107,306)	10,561,432	(900,467,624)	3,106,406
Nonoperating Revenues (Expenses)							
Interest and investment income	-	2,721,672	757,459	82,592,063	(162,155)	85,909,039	(517,722)
Interest expense	-	-	-	-	(264,057)	(264,057)	(31,921)
Bond issuance costs	-	-	-	-	(62,988)	(62,988)	-
Federal grant revenue	3,345,771	-	-	-	3,058,547	6,404,318	-
Federal grant expense	(2,245,727)	-	-	-	-	(2,245,727)	-
Gain (loss) on disposal of assets	-	-	-	-	-	-	282,628
Total nonoperating revenues (expenses)	1,100,044	2,721,672	757,459	82,592,063	2,569,347	89,740,585	(267,015)
Income (loss) before transfers	10,308,439	(942,717,136)	32,066,122	76,484,757	13,130,779	(810,727,039)	2,839,391
Transfers							
Transfers in	7,778	-	421	703,554	660,915	1,372,668	11,828,157
Transfers out	-	(6,052,438)	(1,870,703)	-	(15,247,641)	(23,170,782)	(1,064,366)
Change in net position	10,316,217	(948,769,574)	30,195,840	77,188,311	(1,455,947)	(832,525,153)	13,603,182
Net position, July 1	236,106,514	1,036,740,511	479,928,301	141,956,920	29,090,554	-	17,625,033
Net position restatement	-	(65,495,021)	-	-	-	-	(7,532,037)
Net position, July 1 (as restated)	236,106,514	971,245,490	479,928,301	141,956,920	29,090,554	-	10,092,996
Net position, June 30	\$ 246,422,731	\$ 22,475,916	\$ 510,124,141	\$ 219,145,231	\$ 27,634,607	\$ (832,875,589)	\$ 23,696,178

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

(350,436)
\$ (832,875,589)

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, 2021

	Enterprise Funds						
	Major Funds						Internal Service Funds
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise Funds	Totals	
Cash flows from operating activities							
Receipts from customers and users	\$ 34,329,686	\$ 688,240,288	\$ 5,907	\$ 14,110,400	\$ 73,004,060	\$ 809,690,341	\$ 44,688,893
Receipts for interfund services provided	5,177	-	-	5,471	1,773,905	1,784,553	335,335,131
Receipts from component units	-	-	-	-	-	-	100,559,713
Receipts of principal on loans/notes	116,301,511	-	-	-	-	116,301,511	5,000
Receipts of interest on loans/notes	24,503,729	-	-	-	-	24,503,729	-
Receipts from Federal government	-	6,022,409,961	27,220,865	-	-	6,049,630,826	-
Payments to suppliers, other governments and beneficiaries	(2,496,662)	(7,776,033,897)	(3,423,291)	(7,509,290)	(14,414,073)	(7,803,877,213)	(414,840,024)
Payments to employees	(1,452,615)	-	(410,327)	(222,131)	(37,587,772)	(39,672,845)	(40,301,173)
Payments for interfund services	(327,697)	(5,895,207)	(129,217)	(143,706)	(9,943,656)	(16,439,483)	(19,603,787)
Payments to component units	-	-	-	(8,030,073)	(53,844)	(8,083,917)	(171,977)
Purchase of loans and notes	(132,002,023)	-	-	-	-	(132,002,023)	-
Net cash provided by (used for) operating activities	38,861,106	(1,071,278,855)	23,263,937	(1,789,329)	12,778,620	(998,164,521)	5,671,776
Cash flows from noncapital financing activities							
Grant receipts	3,341,450	332,408,472	-	-	2,754,026	338,503,948	-
Proceeds from sale of bonds	186,998,950	-	-	-	-	186,998,950	-
Transfers and advances from other funds	4,321	-	421	710,216	2,251,141	2,966,099	9,031,885
Principal paid on noncapital debt	(215,472,147)	-	(10,885,000)	-	-	(226,357,147)	-
Interest paid on noncapital debt	(29,512,291)	-	(2,595,263)	-	-	(32,107,554)	-
Transfers and advances to other funds	-	-	(1,792,214)	-	(15,594,303)	(17,386,517)	(5,102,718)
Payments to other governments and organizations	(2,245,727)	-	-	-	-	(2,245,727)	-
Bond issuance costs	(670,212)	-	-	-	-	(670,212)	-
Net cash provided by (used for) noncapital financing activities	(57,555,656)	332,408,472	(15,272,056)	710,216	(10,589,136)	249,701,840	3,929,167
Cash flows from capital and related financing activities							
Proceeds from capital debt	-	-	-	-	1,762,514	1,762,514	-
Proceeds from sale of capital assets	-	-	-	-	-	-	282,093
Purchase of capital assets	-	-	-	-	(103,599)	(103,599)	(792,488)
Principal paid on capital debt	-	-	-	-	(327,000)	(327,000)	(1,747,862)
Interest paid on capital debt	-	-	-	-	(273,176)	(273,176)	(31,921)
Payments on refunding bonds	-	-	-	-	(1,695,000)	(1,695,000)	-
Bond Issuance costs	-	-	-	-	(62,988)	(62,988)	-
Net cash provided by (used for) capital and related financing activities	-	-	-	-	(699,249)	(699,249)	(2,290,178)
Cash flows from investing activities							
Proceeds from sale of investments	766,807,272	-	-	44,327,541	-	811,134,813	-
Receipts of principal on loans/notes	-	-	35,357,508	-	-	35,357,508	-
Purchase of investments	(737,319,049)	-	-	(42,868,567)	-	(780,187,616)	-
Purchase of loans and notes	-	-	(51,036,573)	-	-	(51,036,573)	-
Interest, dividends and gains (losses)	8,680,762	2,721,670	10,429,910	4,245,495	72,811	26,150,648	(517,722)
Net cash provided by (used for) investing activities	38,168,985	2,721,670	(5,249,155)	5,704,469	72,811	41,418,780	(517,722)
Net increase (decreases) in cash	19,474,435	(736,148,713)	2,742,726	4,625,356	1,563,046	(707,743,150)	6,793,043
Cash and cash equivalents, July 1	1,805,556	976,933,945	150,611,474	4,850,537	83,832,625	1,218,034,137	209,594,106
Cash and cash equivalents, June 30	\$ 21,279,991	\$ 240,785,232	\$ 153,354,200	\$ 9,475,893	\$ 85,395,671	\$ 510,290,987	\$ 216,387,149

(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)	\$ 9,208,395	\$ (945,438,808)	\$ 31,308,663	\$ (6,107,306)	\$ 10,561,432	\$ (900,467,624)	\$ 3,106,408
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities							
Depreciation	36,255	-	-	16,698	856,807	909,760	6,238,005
Interest on loans	(6,737,385)	-	(9,172,359)	-	-	(15,909,744)	-
Interest on bonds payable	30,499,148	-	1,193,190	-	-	31,692,338	-
Decrease (increase) in loans and notes receivable	(15,069,998)	(332,408,472)	-	-	-	(347,478,470)	5,000
Decrease (increase) in accrued interest and receivables	(11,777,359)	652,408,470	(83,588)	2,485,027	(490,937)	642,541,613	(5,397,473)
Decrease (increase) in inventory, deferred charges, other assets	-	-	(59)	(272)	(540,291)	(540,622)	(31,508)
Decrease (increase) in deferred outflow of resources	(12,303)	-	(3,884)	(2,311)	(224,644)	(243,142)	(268,134)
Increase (decrease) in accounts payable, accruals, other liabilities	32,687,126	(445,840,045)	5,224	1,821,084	(1,286,864)	(412,613,475)	2,120,361
Increase (decrease) in unearned revenues	-	-	-	-	3,104,502	3,104,502	(6,261)
Increase (decrease) in net pension liability	32,113	-	26,232	(7,431)	917,976	968,890	(311,014)
Increase (decrease) in net OPEB liability	53,199	-	5,727	14,746	922,550	996,222	1,758,714
Increase (decrease) in deferred inflows of resources	(58,085)	-	(15,209)	(9,564)	(1,041,911)	(1,124,769)	(1,542,322)
Total adjustments	29,652,711	(125,840,047)	(8,044,726)	4,317,977	2,217,188	(97,696,897)	2,565,368
Net cash provided by (used for) operating activities	\$ 38,861,106	\$ (1,071,278,855)	\$ 23,263,937	\$ (1,789,329)	\$ 12,778,620	\$ (998,164,521)	\$ 5,671,776

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

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2021

	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Private purpose trust funds	Custodial Funds
Assets				
<i>Cash and pooled investments:</i>				
Cash with treasurer	\$ 2,118,781	\$ -	\$ 15,556,624	\$ 164,542,275
Cash in custody of other officials	706,856,245	6,593,085	35,070,362	2,152,497
<i>Investments:</i>				
Investments	57,651,940,025	2,867,592,677	37,467,668,032	-
Collateral on loaned securities	174,487,304	-	-	-
<i>Receivables:</i>				
Taxes receivable	-	-	-	54,980,971
Intergovernmental receivables	164,877,640	-	2,865	268
Accrued interest and dividends	156,252,778	6,685,740	690,504	-
Other receivables	4,425,738	-	-	95,148
Contributions receivables	-	-	25,489,661	-
Pending trades receivable	722,265,632	12,734,433	13,168,983	-
Due from other funds	25,721,150	-	119,716	762,123,653
Due from fiduciary funds	-	-	-	952
Other assets	4,769,353	-	-	-
Furniture and equipment	48,629,942	-	48,222	-
Less accumulated depreciation/amortization	(43,481,270)	-	(48,222)	-
Total assets	59,618,863,318	2,893,605,935	37,557,766,747	983,895,764
Liabilities				
<i>Accounts payable and accruals:</i>				
Accounts payable	39,553,034	63,333	5,262,213	1,910,025
Intergovernmental payables	-	2,221	-	899,079,201
Redemptions payable	-	-	17,883,923	-
Pending trades payable	755,088,270	13,725,519	14,503,261	-
Bank overdraft	-	-	2,542,000	-
Obligations under securities lending	174,487,304	-	-	-
Due to other funds	12,104,243	4,866	1,340,694	-
Due to fiduciary funds	-	-	952	-
<i>Other liabilities:</i>				
Other liabilities	102,028	38,619	-	-
Total liabilities	981,334,879	13,834,558	41,533,043	900,989,226
Net Position				
<i>Restricted for:</i>				
Pension benefits	58,647,496,267	-	-	-
OPEB benefits	(9,967,828)	-	-	-
Pool participants	-	2,879,771,377	-	-
Individuals and other governments	-	-	37,516,233,704	82,906,538
Total net position	\$ 58,637,528,439	\$ 2,879,771,377	\$ 37,516,233,704	\$ 82,906,538

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, 2021

	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Private purpose trust funds	Custodial Funds
Additions				
<i>Contributions:</i>				
Employer	\$ 1,101,422,323	\$ -	\$ -	\$ -
Plan members	1,052,193,236	-	-	-
Participants	-	-	3,472,046,770	-
Repayment and purchase of service	70,144,749	-	-	-
Total contributions	<u>2,223,760,308</u>	<u>-</u>	<u>3,472,046,770</u>	<u>-</u>
<i>Investment income:</i>				
Net increase (decrease) in fair value of investments	11,751,395,066	149,443,415	6,138,106,769	-
Interest, dividends	825,569,774	20,726,260	779,996,007	(929)
Securities lending	3,183,489	-	-	-
Other	126,075,176	-	-	-
	<u>12,706,223,505</u>	<u>170,169,675</u>	<u>6,918,102,776</u>	<u>(929)</u>
Less investment expense:				
Other	(63,642,387)	(105,998)	-	-
Net investment income	<u>12,642,581,118</u>	<u>170,063,677</u>	<u>6,918,102,776</u>	<u>(929)</u>
<i>Other:</i>				
Investment from local governments	-	2,617,679,615	-	-
Taxes and fees collected for other governments	-	-	-	4,744,958,512
Child support collections	-	-	-	235,019,457
Other	3,346,487	139	-	79,172,996
Total other	<u>3,346,487</u>	<u>2,617,679,754</u>	<u>-</u>	<u>5,059,150,965</u>
Total additions	<u>14,869,687,913</u>	<u>2,787,743,431</u>	<u>10,390,149,546</u>	<u>5,059,150,036</u>
Deductions				
Principal redeemed	-	2,307,055,974	1,963,570,549	-
Benefit payments	3,060,212,796	-	23,187,001	137,113
Refunds	30,272,862	-	-	-
Contribution distributions	4,424,263	2,287,614	-	-
Administrative expense	12,751,308	553,428	43,057,684	-
Payment of taxes and fees to other governments	-	-	-	4,744,381,530
Child support payments	-	-	-	237,777,012
Restitution payments	-	-	-	2,751,086
Total deductions	<u>3,107,661,229</u>	<u>2,309,897,016</u>	<u>2,029,815,234</u>	<u>4,985,046,741</u>
Change in net position	11,762,026,684	477,846,415	8,360,334,312	74,103,295
Net position, July 1	46,875,501,755	2,401,924,962	29,155,899,392	8,803,243
Net position, June 30	<u>\$ 58,637,528,439</u>	<u>\$ 2,879,771,377</u>	<u>\$ 37,516,233,704</u>	<u>\$ 82,906,538</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, 2021

	Major Component Units		Nonmajor Component Unit	Total
	Colorado River Commission	Nevada System of Higher Education	Nevada Capital Investment Corporation	
Assets				
Cash and pooled investments	\$ 18,124,112	\$ 206,520,000	\$ -	\$ 224,644,112
Investments	-	1,779,805,000	29,413,219	1,809,218,219
Due from primary government	51,369	34,039,568	-	34,090,937
Accounts receivable	1,781,509	82,135,432	-	83,916,941
Intergovernmental receivables	-	146,824,000	-	146,824,000
Accrued interest and dividends	51,209	-	12,500	63,709
Notes/loans receivable	-	5,926,000	-	5,926,000
Other receivables	-	10,428,000	-	10,428,000
Inventory	-	9,970,000	-	9,970,000
Prepaid expenses	25,367,739	-	-	25,367,739
<i>Restricted assets:</i>				
Cash	2,608,606	65,740,000	-	68,348,606
Investments	-	17,771,000	-	17,771,000
Other assets	-	85,907,000	-	85,907,000
<i>Capital assets:</i>				
Land, infrastructure and construction in progress	-	303,399,000	-	303,399,000
Other capital assets, net	43,196,688	2,248,352,000	-	2,291,548,688
Total assets	91,181,232	4,996,817,000	29,425,719	5,117,423,951
Deferred Outflows of Resources				
Deferred charge on refunding	-	10,261,000	-	10,261,000
Pension related amounts	963,009	71,830,000	-	72,793,009
OPEB related amounts	274,544	64,434,000	-	64,708,544
Total deferred outflows of resources	1,237,553	146,525,000	-	147,762,553
Liabilities				
Accounts payable	2,588,950	53,177,352	-	55,766,302
Accrued payroll and related liabilities	179,310	95,217,000	-	95,396,310
Interest payable	256,223	13,479,000	-	13,735,223
Due to primary government	38,060	350,648	23,180,454	23,569,162
Unearned revenues	3,338,383	73,721,000	-	77,059,383
Other liabilities	2,657,747	29,350,000	-	32,007,747
<i>Long-term liabilities:</i>				
<i>Portion due or payable within one year:</i>				
Obligations under capital leases	-	2,860,000	-	2,860,000
Compensated absences	367,787	42,108,000	-	42,475,787
Bonds payable	770,000	42,459,000	-	43,229,000
<i>Portion due or payable after one year:</i>				
Federal advances	-	4,523,000	-	4,523,000
Obligations under capital leases	-	46,559,000	-	46,559,000
Net pension liability	6,151,790	424,237,000	-	430,388,790
Net OPEB liability	2,376,085	606,769,000	-	609,145,085
Compensated absences	220,030	29,256,000	-	29,476,030
Bonds payable	25,083,114	679,454,000	-	704,537,114
Unearned revenue	40,288,217	-	-	40,288,217
Total liabilities	84,315,696	2,143,520,000	23,180,454	2,251,016,150
Deferred Inflows of Resources				
Lease revenue	-	6,449,000	-	6,449,000
Split-interest agreements	-	7,206,000	-	7,206,000
Service concession arrangement	-	1,531,000	-	1,531,000
Pension related amounts	375,761	21,505,000	-	21,880,761
OPEB related amounts	168,745	43,090,000	-	43,258,745
Total deferred inflows of resources	544,506	79,781,000	-	80,325,506
Net Position				
Net investment in capital assets	43,196,688	1,839,675,000	-	1,882,871,688
<i>Restricted for:</i>				
Capital projects	-	81,197,000	-	81,197,000
Debt service	-	34,378,000	-	34,378,000
Scholarships	-	697,549,000	-	697,549,000
Loans	-	7,071,000	-	7,071,000
Education - K to 12	-	-	6,245,265	6,245,265
Research and development	12,080,900	-	-	12,080,900
Other purposes	-	7,148,000	-	7,148,000
Funds held as permanent investments:				
Nonexpendable	-	462,488,000	-	462,488,000
Unrestricted (deficit)	(47,719,005)	(209,465,000)	-	(257,184,005)
Total net position	\$ 7,558,583	\$ 2,920,041,000	\$ 6,245,265	\$ 2,933,844,848

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, 2021

	Major Component Units		Nonmajor Component Unit	
	Colorado River Commission	Nevada System of Higher Education	Nevada Capital Investment Corporation	Total
Expenses	\$ 39,242,670	\$ 1,987,823,000	\$ 1,728,136	\$ 2,028,793,806
<i>Program revenue:</i>				
Charges for services	39,082,427	693,630,000	-	732,712,427
Operating grants and contributions	-	689,210,000	-	689,210,000
Capital grants and contributions	-	1,030,000	-	1,030,000
Total program revenue	39,082,427	1,383,870,000	-	1,422,952,427
<i>General revenues:</i>				
Unrestricted investment earnings	(71,913)	357,141,000	4,292,470	361,361,557
Gain on sale of assets	6,420	2,141,000	-	2,147,420
Other general revenues	146,263	17,401,000	-	17,547,263
Contributions to permanent funds	-	12,870,000	-	12,870,000
Payments from State of Nevada	-	664,448,801	-	664,448,801
Total general revenues, contributions and payments	80,770	1,054,001,801	4,292,470	1,058,375,041
Change in net position	(79,473)	450,048,801	2,564,334	452,533,662
Net position, July 1	7,638,056	2,628,396,000	3,680,931	2,639,714,987
Net position restatement	-	(158,403,801)	-	(158,403,801)
Net position, July 1 (as restated)	7,638,056	2,469,992,199	3,680,931	2,481,311,186
Net position, June 30	\$ 7,558,583	\$ 2,920,041,000	\$ 6,245,265	\$ 2,933,844,848

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

Notes to the Financial Statements

For the Year Ended June 30, 2021

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, 2021

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, 2021

C. Basis of Presentation

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

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

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

The State reports the following major governmental funds:

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

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

The State reports the following major enterprise funds:

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

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

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

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

Additionally, the State reports the following fund types:

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

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

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

Notes to the Financial Statements

For the Year Ended June 30, 2021

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

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

For the Year Ended June 30, 2021

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

For the Year Ended June 30, 2021

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

Notes to the Financial Statements

For the Year Ended June 30, 2021

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, 2021 is \$393,369,394.

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

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

F. Revenues and Expenditures/Expenses

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

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

Grants - The State participates in various federal award programs which are received in both cash and noncash forms. Grants and other entitlements are recognized as revenues when all eligibility requirements are met, including any time requirements, and the amount is received within 60 days after year-end. Federal reimbursement type grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received within 60 days after year-end. Certain grants have matching requirements in which the State must contribute a proportionate

Notes to the Financial Statements

For the Year Ended June 30, 2021

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.

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 \$20,635,004 were made in the 2021 fiscal year. Unencumbered appropriations lapse at the end of each fiscal year unless specific authority to carry forward is granted in the Appropriations Act. Unexpended authorized resources, under the Authorized Expenditures Act, are carried forward for expenditure in the next fiscal period.

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

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

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

Notes to the Financial Statements

For the Year Ended June 30, 2021

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. As of June 30, 2021, cash in bank was \$459,094,816 of which \$336,420,979 was collateralized and \$117,627,597 was uncollateralized and uninsured. Cash in bank includes \$89,072 which is insured by American Share Insurance which is not FDIC.

Component Units - Cash and cash equivalents of the Nevada System of Higher Education (NSHE) are stated at cost, which approximates market, and consist of deposits in money market funds, which are not federally insured, and cash in the bank. At June 30, 2021 NSHE's deposits in money market funds totaled \$113,971,000 and cash in bank was \$51,575,000. 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 may be obtained from the State Treasurer's Office, 101 N. Carson Street, Suite 4, Carson City, NV 89701. RBIF is administered by the Retirement Benefits Investment Board. The audited financial statements of RBIF may be obtained from the Public Employees' Retirement System, 693 West Nye Lane, Carson City, Nevada 89703.

The College Savings Plan of Nevada was created under Title 31, Chapter 353B of the Nevada Revised Statutes, as amended, to encourage individuals and families to save for future costs of higher education. The plan is designed to qualify for treatment as a qualified tuition program under Section 529 of the Internal Revenue Code of 1986, as amended, and any regulations and other guidance issued thereunder. Plan assets are held for the benefit of account owners and their designated beneficiaries in the Nevada College Savings Trust. The Board of Trustees is responsible for the overall administration of the program, subject to implementing regulations set forth in the Nevada Administration Code. Pursuant to NRS 353B.005 the Board of Trustees

Notes to the Financial Statements

For the Year Ended June 30, 2021

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, 2021 (expressed in thousands):

	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
Asset backed corporate securities	\$ 180,606	\$ 23,883	\$ 12,941	\$ 13,634	\$ 130,148
Collateralized mortgage obligations	25,064	-	-	-	25,064
Commercial paper	2,090,941	2,090,503	438	-	-
Corporate bonds and notes	1,163,668	326,130	809,322	14,608	13,608
Investment agreements	35,535	-	35,535	-	-
Money market mutual funds	6,676,486	6,676,486	-	-	-
Negotiable certificate of deposit	1,812,342	1,809,683	2,659	-	-
Other investments	431,503	230,256	127,150	1,151	72,946
Short-term investments	132,106	129,536	2,570	-	-
U.S. agencies	729,355	279,434	204,335	45,610	199,976
U.S. Treasury securities	16,374,151	620,698	15,654,096	92,122	7,235
Total	\$ 29,651,757	\$ 12,186,609	\$ 16,849,046	\$ 167,125	\$ 448,977

The Nevada College Savings Plan, a private purpose trust, currently has no formal investment policy with regard to interest rate risk for the investments. The security portfolios held by Vanguard, USAA, Upromise, Putnam and Wealthfront have various maturities from 49 days to 13.84 years and are included in the table above.

Component Unit – The Nevada System of Higher Education's (NSHE) policy for reducing its exposure to interest rate risk is to have an average investment life of at least two years for fixed income securities within both the endowment and operating investment pools. With regard to the trusts included in endowment investments, NSHE is not the trustee of these investments and, therefore, currently has no policies with regard to interest rate risk for these investments. Investments having interest rate risk are principally invested in mutual funds and private commingled funds. The following table provides the segmented time distribution for these investments at June 30, 2021 (expressed in thousands):

Less than 1 year	\$ 113,971
1 to 5 years	182,853
6 to 10 years	256,448
Total	\$ 553,272

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

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

- Commercial paper, Negotiable Certificates of Deposit, and Bankers' Acceptances are rated by a nationally recognized rating

Notes to the Financial Statements

For the Year Ended June 30, 2021

- 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, 2021 were rated by Standard & Poor’s and/or an equivalent national rating organization, and the ratings are presented below using the Standard & Poor’s rating scale (at fair value, expressed in thousands):

	Quality Rating							
	AAA	AA	A	BBB	BB	B	Unrated	
Asset backed corporate securities	\$ 50,425	\$ 4,952	\$ 2,264	\$ 3,418	\$ 359	\$ 654	\$ 96,160	
Collateralized mortgage obligations	21,608	3,456	-	-	-	-	-	
Commercial paper	-	439	950,761	-	-	-	699,826	
Corporate bonds and notes	19,964	168,990	686,460	282,515	2,742	-	2,997	
Equity securities	-	-	-	-	-	-	36,904,593	
Investment agreements	-	-	35,535	-	-	-	-	
Money market mutual funds	279,866	-	-	-	-	-	6,396,620	
Mutual funds and ETFs	-	-	-	-	-	-	33,214,730	
Negotiable certificate of deposit	-	2,182	117,388	-	-	-	1,342,697	
Other investments	142,264	7,613	4,683	-	-	-	258,979	
Private equity	-	-	-	-	-	-	4,231,478	
Real estate	-	-	-	-	-	-	2,626,656	
Short-term investments	102,604	1,400	1,729	-	-	-	334	
U.S. agencies	194,413	409,948	-	-	-	-	-	
Total	\$ 811,144	\$ 598,980	\$ 1,798,820	\$ 285,933	\$ 3,101	\$ 654	\$ 85,775,070	

The primary government holds \$16,374,151,524 in U.S. Treasuries. There is no credit risk assigned to U.S. Treasury securities as these are explicitly guaranteed by the U.S. Government.

Short-term ratings are generally assigned to securities that originally mature within 365 days. A short-term rating of A-1 is rated in the highest category by Standard and Poor with a plus sign (+) indicating that the obligor's capacity to meet its financial commitment is extremely strong. In general, an A-1+ rating is equivalent to AA - AAA long-term ratings, whereas an A-1 rating is generally equivalent to an A long-term rating. The State has short-term ratings that are included in the Quality Rating table above, as follows (at fair value, expressed in thousands):

	Short-term Ratings	
	A-1+	A-1
Asset backed corporate securities	\$ 22,374	\$ -
Commercial paper	179,939	259,976
Negotiable certificate of deposit	125,033	225,042
Other investments	60,360	-
Short-term investments	28,247	94,257
U.S. agencies	124,994	-
Total	\$ 540,947	\$ 579,275

Component Unit – The NSHE’s policy for reducing its exposure to credit risk is to maintain a weighted average credit rating of AA or better, and never below A, for investments with credit risk within both the endowment and operating investment pools. With regard to the trusts included in endowment investments, NSHE is not the trustee of these investments and therefore, it currently has no policies with regard to credit risk for these investments. The credit risk profile for NSHE operating and endowment investments at June 30, 2021 is as follows (at fair value, expressed in thousands):

Notes to the Financial Statements

For the Year Ended June 30, 2021

	<u>Unrated</u>
Mutual funds publicly traded	\$ 521,209
Partnerships	81,775
Endowment cash/cash equivalents	167,922
Trust(s)	4,900
Private commingled funds	<u>424,138</u>
	1,199,944
Less: GBC Foundation Endowments	<u>(9,669)</u>
Total	<u>\$ 1,190,275</u>

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, 2021, no individual investment exceeded 5% of the total portfolio of the primary government.

At June 30, 2021, 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	\$ 39,871	10.39%

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, 2021, the Housing Division's investments in Fannie Mae and Ginnie Mae are 10.86% and 25.73% respectively, of the Housing Division's total investments. The Fannie Mae and Ginnie Mae investments are in mortgage backed securities matched to the interest rate and maturity of the underlying bonds. Because such investments are matched to concomitant liabilities, the Housing Division is less concerned about a concentration risk on these investments.

Component Unit - The Nevada Capital Investment Corporation (NCIC) owns 99% equity interest in Silver State Opportunities Fund LLC (SSOF), a Nevada limited liability company, and 99.9% equity interest in Accion 2017G, LLC, (which later changed its name to Dreamspring 2017G, LLC), a New Mexico limited liability company, for the purpose of obtaining income. At June 30, 2021 the investment in equity interest of SSOF and Dreamspring exceeded 5% of NCIC's total investments.

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

Primary Government and Fiduciary Funds - The primary government does not have a policy regarding foreign currency risk; however, the State Treasurer's office does not have any deposits or investments in foreign currency. The PERS, LRS, JRS, and RBIF do have foreign currency policies for deposit and investments, which may be used for portfolio diversification and hedging. Highly speculative positions in currency are not permitted. LRS and JRS had no exposure to foreign currency risk as of June 30, 2021. The following table summarizes the pension and investment trust funds' exposure to foreign currency risk in U.S. dollars as of June 30, 2021 (expressed in thousands):

Notes to the Financial Statements

For the Year Ended June 30, 2021

	Currency by Investment and Fair Value				Total
	Equity	Private Equity	Pending Transactions	Cash	
Australian Dollar	\$ 674,728	\$ -	\$ 100	\$ 820	\$ 675,648
British Pound Sterling	1,296,200	41,400	(1,100)	2,261	1,338,761
Canadian Dollar	1,070,739	-	(600)	947	1,071,086
Danish Krone	242,165	-	(100)	106	242,171
Euro	3,164,099	440,300	(1,900)	(93)	3,602,406
Hong Kong Dollar	286,925	-	(100)	964	287,789
Israeli Shekel	32,007	-	-	101	32,108
Japanese Yen	2,171,307	-	(3,000)	5,096	2,173,403
New Zealand Dollar	22,445	-	-	18	22,463
Norwegian Krone	58,958	-	(100)	203	59,061
Singapore Dollar	97,656	-	(100)	631	98,187
Swedish Krona	349,628	-	(200)	9	349,437
Swiss Franc	915,946	-	(1,000)	10	914,956
Total	\$ 10,382,803	\$ 481,700	\$ (8,100)	\$ 11,073	\$ 10,867,476

Private Purpose Trust Fund - Nevada College Savings Plan, a private purpose trust, currently has no formal investment policy with regard to foreign currency risk for the investments. The Plan consist of Vanguard College Savings Plan, USAA College Savings Plan, Upromise College Fund Plan, Putnam for America Plan, and Wealthfront College Savings Plan which all state that there are certain inherent risks involved when investing in international securities through mutual funds that are not present with investments in domestic securities, such as foreign currency exchange rate fluctuations, adverse political and economic developments and possible prevention or delay of currency exchange due to foreign governmental laws or restrictions. The investments held in Putnam for America Plan consist of the portfolios managed and sponsored by Putnam Investment Management, Putnam Mutual Funds, and non-Putnam Mutual Funds. Both mutual funds pose no foreign currency risk. The following table summarizes foreign currency risk for the GAA portfolios in U.S. dollars as of June 30, 2021 (expressed in thousands):

	Currency at Fair Value
Australian Dollar	\$ 1
British Pound	189
Euro	1
Hong Kong Dollar	221
Japanese Yen	20
Swedish Krona	1
Swiss Franc	2
Total	\$ 435

Component Unit - The NSHE does not directly invest in foreign currency investments and is therefore not subject to foreign currency risk. However, it has \$199,662 in mutual funds in both the operating and endowment pools that are primarily invested in international equities at June 30, 2021.

Fair Value of Investments: The State uses the market approach to determine the fair value of its investments. The State categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are valued using quoted prices for identical securities in markets that are not active; Level 3 inputs are significant unobservable inputs. The following table summarizes the fair value measurements of the primary government and fiduciary funds investments as of June 30, 2021 (expressed in thousands):

Notes to the Financial Statements

For the Year Ended June 30, 2021

	Fair Value Measurements Using			NAV	Amortized Cost	Total
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs			
Asset backed corporate securities	\$ 340	\$ 180,266	\$ -	\$ -	\$ -	\$ 180,606
Collateralized mortgage	-	25,064	-	-	-	25,064
Commercial paper	-	2,090,941	-	-	-	2,090,941
Corporate bonds & notes	9,606	1,154,062	-	-	-	1,163,668
Equity securities	36,738,666	165,927	-	-	-	36,904,593
Investment agreements	-	35,535	-	-	-	35,535
Money market mutual funds	6,676,486	-	-	-	-	6,676,486
Mutual funds and ETFs	33,214,730	-	-	-	-	33,214,730
Negotiable certificates of deposit	-	1,812,342	-	-	-	1,812,342
Other investments	64	431,502	-	42,333	-	473,899
Private equity	-	-	-	4,231,478	-	4,231,478
Real estate	-	-	-	2,626,656	-	2,626,656
Short-term investments	118,474	110,097	-	-	-	228,571
U.S. agencies	12,052	563,131	-	-	154,172	729,355
U.S. Treasury securities	16,356,167	17,984	-	-	-	16,374,151
Total	\$ 93,126,585	\$ 6,586,851	\$ -	\$ 6,900,467	\$ 154,172	\$ 106,768,075

The following table represents investments in the pension trust funds (PERS, LRS, JRS) measured at the NAV as of June 30, 2021 (expressed in thousands):

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled funds	\$ 42,333	\$ -	Daily	Trade date minus two business days
Private equity	4,231,478	1,587,300	N/A	N/A
Real estate separate accounts	2,626,656	-	N/A	N/A
Total	\$ 6,900,467	\$ 1,587,300		

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

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

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

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

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

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

Notes to the Financial Statements

For the Year Ended June 30, 2021

Component Units - The fair value measurements of NSHE's investment holdings as of June 30, 2021 are summarized in the following table (expressed in thousands):

	Fair Value Measurements Using			NAV	Total
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs		
Cash and cash equivalents	\$ 167,922	\$ -	\$ -	\$ -	\$ 167,922
Charitable trusts	4,900	-	-	-	4,900
Domestic equity	246,786	-	-	28,556	275,342
Emerging market equity	-	-	-	13,288	13,288
Fixed income	170,655	654	-	181,286	352,595
International equity	157,965	-	-	27,863	185,828
Marketable alternatives	-	-	-	40,441	40,441
Multi-strategy	-	-	-	86,706	86,706
Private growth	-	-	-	56,830	56,830
Real assets	5,550	-	-	10,542	16,092
	753,778	654	-	445,512	1,199,944
Less: GBC Foundation					
Endowments	(9,669)	-	-	-	(9,669)
Total	\$ 744,109	\$ 654	\$ -	\$ 445,512	\$ 1,190,275

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

Private Growth - Strategies consist of private equity, private venture capital, and private natural resources. Assets in this category are either illiquid or have significant redemption restrictions. Unfunded commitments of \$22,109,000 to private equity/venture capital funds are outstanding as of June 30, 2021.

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

For the Year Ended June 30, 2021

The Nevada Capital Investment Corporation (NCIC) has total investment holdings as of June 30, 2021 of \$29,413,219. For fair value measurement purposes \$1,085,701 is valued using Level 3 inputs and the remaining \$28,327,518 is measured using net asset value and have not been classified in the fair value hierarchy.

C. Securities Lending

Primary Government and Investment Trust Funds - NRS 355.135 authorizes the State Treasurer to lend securities from the investment portfolio of the State if collateral received from the borrower is at least 102% of fair value of the underlying securities and the value of the securities borrowed is determined on a daily basis. There were no securities on loan at June 30, 2021 (excluding PERS).

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

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

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

The fair value of underlying securities on loan at June 30, 2021 is \$1,661,411,282. Collateral received for outstanding securities lending arrangements consisted of cash in the amount of \$174,487,304 and non-cash in the amount of \$1,563,810,614. The cash collateral is reported on the Statement of Fiduciary Net Position as an asset with a related liability. At June 30, 2021, 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 August 2019 respectively. The primary government has no exposure to derivatives as of June 30, 2021.

Private Purpose Trust Fund – Certain investments in the Nevada College Savings Plan are managed by Putnam Investment Management through Putnam sponsored portfolios (the Portfolios) and mutual funds. The Portfolios use six types of derivatives: options, futures contracts, forward currency contracts, total return swap contracts, interest rate swap contracts, and credit default contracts. Currently, there is no written investment policy with regard to derivatives for the Portfolios. All six types of derivatives are considered investments. The fair value amount in the table below represents the unrealized appreciation (depreciation) from derivative instruments and is reported in the Statement of Fiduciary Net Position. The net increase (decrease) in fair value is reported as investment income on the Statement of Changes in Fiduciary Net Position. The Portfolios’ investment derivative instruments as of June 30, 2021, and changes in fair value for the year then ended are summarized in the following table (expressed in thousands):

Notes to the Financial Statements

For the Year Ended June 30, 2021

	Contracts/Notional Amounts	Fair Value	Change in Fair Value
Purchased currency option contracts, gross	\$ 7,298	\$ 42	\$ (46)
Forward currency contracts, gross	\$ 112,210	(381)	(379)
CC interest rate swap contracts, gross	\$ 12,525	(66)	(41)
OTC total return swap contracts, gross	\$ 23,892	(76)	(186)
CC total return swap contracts, gross	\$ 17,683	45	45
OTC credit default contracts, gross	\$ 3,856	(146)	346
CC credit default contracts, gross	\$ 10,697	190	(50)
Futures contracts, gross	\$ 1	(348)	(695)
Written currency option contracts, gross	\$ 7,298	(14)	17
Total		<u>\$ (754)</u>	<u>\$ (989)</u>

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

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

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

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

The Portfolios entered into OTC and/or centrally cleared interest rate swap contracts to manage interest rate risk and to gain exposure on interest. OTC and centrally cleared interest rate swap contracts are marked to market daily based upon quotations from an independent pricing service or market makers. The Portfolios could be exposed to credit or market risk due to unfavorable changes in the fluctuation of interest rates or if the counterparty defaults, in the case of OTC interest rate contracts,

Notes to the Financial Statements

For the Year Ended June 30, 2021

or the central clearing agency or a clearing member defaults, in the case of centrally cleared interest rate swap contracts, on its respective obligation to perform. This risk may be mitigated for OTC interest rate swap contracts by having a master netting arrangement between the Portfolios and the counterparty and for centrally cleared interest rate swap contracts through the daily exchange of variation margin. There is minimal counterparty risk with respect to centrally cleared interest rate swap contracts due to the clearinghouse guarantee fund and other resources that are available in the event of a clearing member default. Risk of loss may exceed amounts recognized on the Statement of Fiduciary Net Position.

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

Derivative instruments held by the Portfolios were not individually rated by a ratings agency for the reporting period. As of June 30, 2021, OTC derivative counterparties had ratings that were either greater than or equivalent to long-term ratings of A3 and short-term ratings of P-2. Centrally cleared contracts are not considered brokered contracts and have mitigated risks. With futures, there is minimal counterparty credit risk to the Portfolios since futures are exchange traded and the exchange's clearinghouse, as counterparty to all exchange traded futures, guarantees the futures against default.

Derivative instruments are subject to interest rate risk. Prices of longer term maturities generally change more in response to interest rate changes than the prices of shorter term maturities. The following table provides information about the interest rate risks associated with the types of investment derivative instruments as of June 30, 2021 (expressed in thousands):

	Maturities in Years				
	Less than 1	1-5	6-10	Greater than 10	Total
Purchased currency options	\$ 42	\$ -	\$ -	\$ -	\$ 42
Forward currency contracts	(380)	-	-	-	(380)
CC interest rate swap contracts	-	-	(1)	(66)	(67)
OTC total return swap contracts	(94)	18	-	-	(76)
CC total return swap contracts	-	(8)	-	53	45
OTC credit default contracts	-	-	-	(146)	(146)
CC credit default contracts	-	190	-	-	190
Futures contracts	(348)	-	-	-	(348)
Written currency options	(14)	-	-	-	(14)
Total	\$ (794)	\$ 200	\$ (1)	\$ (159)	\$ (754)

Notes to the Financial Statements

For the Year Ended June 30, 2021

Forward currency contracts are subject to foreign currency risk. The following table provides information about the forward currency contracts as of June 30, 2021 (expressed in thousands):

	Fair Value
Australian Dollar	\$ (115)
British Pound	(178)
Canadian Dollar	142
Chinese Yuan	(9)
Danish Krone	4
Euro	(145)
Israeli Shekel	(1)
Japanese Yen	26
New Zealand Dollar	30
Norwegian Krone	(85)
Singapore Dollar	1
South African Rand	4
South Korean Won	3
Swedish Krona	(127)
Swiss Franc	70
Total	<u><u>\$ (380)</u></u>

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

4. Receivables

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

	General Fund	Nonmajor Governmental Funds	Total
As shown on financial statements:			
Intergovernmental receivables	\$ 899,035	\$ 17,688	\$ 916,723
Notes/loans receivable	13,860	79,065	92,925
Due from component units	134	23,355	23,489
Total	<u><u>\$ 913,029</u></u>	<u><u>\$ 120,108</u></u>	<u><u>\$ 1,033,137</u></u>
Classified:			
Current portion:	<u><u>\$ 839,430</u></u>	<u><u>\$ 21,088</u></u>	<u><u>\$ 860,518</u></u>
Noncurrent portion:			
Intergovernmental receivables	60,406	-	60,406
Notes/loans receivable	13,192	75,840	89,032
Due from component units	-	23,180	23,180
Total noncurrent portion	<u><u>73,598</u></u>	<u><u>99,020</u></u>	<u><u>172,618</u></u>
Total	<u><u>\$ 913,029</u></u>	<u><u>\$ 120,108</u></u>	<u><u>\$ 1,033,137</u></u>

Not included in the receivable balances are amounts considered to be uncollectible. In the governmental funds, uncollectible taxes receivable are estimated at \$22.9 million, and uncollectible accounts receivable are estimated at \$199.6 million. The proprietary funds have \$62.6 million in uncollectible accounts receivable of which \$8.8 million are from the fines and penalties of Workers Compensation and Safety, and \$31.8 million are from unemployment contributions and benefit overpayments.

Notes to the Financial Statements

For the Year Ended June 30, 2021

5. Interfund Transactions

A. Interfund Advances

A summary of interfund advances at June 30, 2021, follows (expressed in thousands):

Advances To	Advances From			Total
	General Fund	State Highway	Nonmajor Governmental	
Nonmajor Governmental	\$ 50,000	\$ -	\$ -	\$ 50,000
Nonmajor Enterprise	103	-	-	103
Internal Service Funds	3,097	2,974	-	6,071
Total other funds	\$ 53,200	\$ 2,974	\$ -	\$ 56,174

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, 2021, is shown below (expressed in thousands):

Due From	Due To			
	Major Governmental Funds		Nonmajor Governmental	Total Governmental
	General Fund	State Highway		
Major Governmental Funds:				
General	\$ -	\$ 36,774	\$ 64,996	\$ 101,770
State Highway	32,703	-	6,273	38,976
Nonmajor Governmental	125,553	6,740	45,203	177,496
Total Governmental	158,256	43,514	116,472	318,242
Major Enterprise Funds:				
Housing Division	265	-	-	265
Unemployment Comp	-	-	179	179
Water Projects Loans	277	-	-	277
Higher Ed Tuition Trust	114	-	-	114
Nonmajor Enterprise	1,544	1	-	1,545
Total Enterprise	2,200	1	179	2,380
Internal Service	1,203	2,212	-	3,415
Total other funds	\$ 161,659	\$ 45,727	\$ 116,651	\$ 324,037
Fiduciary	\$ 124	\$ -	\$ 1,212	\$ 1,336
Component Units:				
Nevada System of Higher Education	134	-	175	309
Nevada Capital Investment Corporation	-	-	23,180	23,180
Total Component Units	\$ 134	\$ -	\$ 23,355	\$ 23,489

Notes to the Financial Statements

For the Year Ended June 30, 2021

	Due To							
	Major Enterprise Funds			Nonmajor Enterprise	Total Enterprise	Internal Service	Total Other Funds	Fiduciary
	Housing Division	Water Projects Loans	Higher Education Tuition Trust					
Due From								
Major Governmental Funds:								
General	\$ 505	\$ 405	\$ 37	\$ 2,379	\$ 3,326	\$ 13,559	\$ 118,655	\$ 787,910
State Highway	-	-	-	1	1	2,828	41,805	8
Nonmajor Governmental	-	-	-	6	6	968	178,470	2
Total Governmental	<u>505</u>	<u>405</u>	<u>37</u>	<u>2,386</u>	<u>3,333</u>	<u>17,355</u>	<u>338,930</u>	<u>787,920</u>
Major Enterprise Funds:								
Housing Division	-	-	-	-	-	3	268	-
Unemployment Comp	-	-	-	-	-	-	179	-
Water Projects Loans	-	-	-	-	-	2	279	-
Higher Ed Tuition Trust	-	-	-	-	-	11	125	-
Nonmajor Enterprise	-	-	-	-	-	108	1,653	39
Total Enterprise	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124</u>	<u>2,504</u>	<u>39</u>
Internal Service	-	-	-	3	3	475	3,893	5
Total other funds	<u>\$ 505</u>	<u>\$ 405</u>	<u>\$ 37</u>	<u>\$ 2,389</u>	<u>\$ 3,336</u>	<u>\$ 17,954</u>	<u>\$ 345,327</u>	<u>\$ 787,964</u>
Fiduciary	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ 9</u>	<u>\$ 12,104</u>	<u>\$ 13,449</u>	<u>\$ 1</u>
Component Units:								
Colorado River Commission	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38	\$ 38	\$ -
Nevada System of Higher Education	-	-	-	-	-	42	351	-
Nevada Capital Investment Corporation	-	-	-	-	-	-	23,180	-
Total Component Units	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80</u>	<u>\$ 23,569</u>	<u>\$ -</u>

	Due To		
	Component Units		Total Component Units
	Colorado River Commission	Nevada System of Higher Education	
Due From			
Major Governmental Funds:			
General	\$ 51	\$ 31,531	\$ 31,582
State Highway	-	194	194
Nonmajor Governmental	-	2,298	2,298
Total Governmental	<u>51</u>	<u>34,023</u>	<u>34,074</u>
Internal Service	-	17	17
Total	<u>\$ 51</u>	<u>\$ 34,040</u>	<u>\$ 34,091</u>

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, 2021

C. Transfers From/Transfers To Other Funds

A summary of transfers between funds for the year ended June 30, 2021, is shown below (expressed in thousands):

	Transfers Out/To			
	Major Governmental Funds		Nonmajor Governmental	Total Governmental
	General Fund	State Highway		
Transfers In/From				
Major Governmental Funds:				
General	\$ -	\$ 14,194	\$ 262,716	\$ 276,910
State Highway	33,617	-	8,875	42,492
Nonmajor Governmental	75,819	7,508	93,159	176,486
Total Governmental	109,436	21,702	364,750	495,888
Major Enterprise Funds:				
Housing	8	-	-	8
Higher Ed Tuition Trust	704	-	-	704
Nonmajor Enterprise	582	-	67	649
Total Enterprise	1,294	-	67	1,361
Internal Service	11,719	-	109	11,828
Total other funds	\$ 122,449	\$ 21,702	\$ 364,926	\$ 509,077

	Transfers Out/To					
	Major Enterprise Funds		Nonmajor Enterprise Funds	Total Enterprise	Internal Service	Total Other Funds
	Unemployment Compensation	Water Projects Loans				
Transfers In/From						
Major Governmental Funds:						
General	\$ -	\$ 1,871	\$ 15,236	\$ 17,107	\$ 989	\$ 265,543
State Highway	-	-	-	-	25	42,517
Nonmajor Governmental	6,052	-	-	6,052	50	121,390
Total Governmental	6,052	1,871	15,236	23,159	1,064	429,450
Major Enterprise Funds:						
Housing	-	-	-	-	-	8
Higher Ed Tuition Trust	-	-	-	-	-	704
Nonmajor Enterprise	-	-	12	12	-	661
Total Enterprise	-	-	12	12	-	1,373
Internal Service	-	-	-	-	-	11,828
Total other funds	\$ 6,052	\$ 1,871	\$ 15,248	\$ 23,171	\$ 1,064	\$ 442,651

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.

Transfers from the General Fund to other funds of \$61.7 million were for Federal Grants related to COVID-19 relief. Of this amount, the largest of these transfers were to the State Highway Fund, the Employment Security Fund, the Self-Insurance Fund, and the Tourism Promotion Fund in the amounts of \$30.7 million, \$12.5 million, \$9.5 million, and \$4.7 million, respectively.

Notes to the Financial Statements

For the Year Ended June 30, 2021

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, 2021 are as follows (expressed in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
Restricted:			
Cash	\$ 175,395	\$ -	\$ 68,349
Investments	-	132,539	17,771
Total	\$ 175,395	\$ 132,539	\$ 86,120
Restricted for:			
Debt service	\$ -	\$ 132,539	\$ 1,052
Capital projects	-	-	65,740
Capital projects -unspent bond proceeds	174,196	-	-
Regulation of business	1,199	-	-
Other purposes	-	-	19,328
Total	\$ 175,395	\$ 132,539	\$ 86,120

7. Capital Assets

Capital asset activity of the primary government for the year ended June 30, 2021, was as follows (expressed in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 174,263	\$ -	\$ -	\$ 174,263
Construction in progress	2,597,712	346,278	(296,375)	2,647,615
Infrastructure	5,842,527	127,294	-	5,969,821
Rights-of-way	959,352	12,957	-	972,309
Total capital assets, not being depreciated	9,573,854	486,529	(296,375)	9,764,008
Capital assets, being depreciated/amortized				
Buildings	1,965,274	118,788	-	2,084,062
Improvements other than buildings	164,826	1,716	-	166,542
Furniture and equipment	506,834	43,345	(19,799)	530,380
Software costs	324,742	12,995	(870)	336,867
Total capital assets, being depreciated/amortized	2,961,676	176,844	(20,669)	3,117,851
Less accumulated depreciation/amortization for				
Buildings	(818,084)	(51,306)	-	(869,390)
Improvements other than buildings	(104,911)	(4,490)	-	(109,401)
Furniture and equipment	(371,379)	(34,483)	18,864	(386,998)
Software costs	(202,536)	(15,305)	870	(216,971)
Total accumulated depreciation/amortization	(1,496,910)	(105,584)	19,734	(1,582,760)
Total capital assets, being depreciated/amortized, net	1,464,766	71,260	(935)	1,535,091
Governmental activities capital assets, net	\$ 11,038,620	\$ 557,789	\$ (297,310)	\$ 11,299,099

Notes to the Financial Statements

For the Year Ended June 30, 2021

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated				
Land	\$ 568	\$ -	\$ -	\$ 568
Total capital assets, not being depreciated	<u>568</u>	<u>-</u>	<u>-</u>	<u>568</u>
Capital assets, being depreciated				
Buildings	1,407	-	-	1,407
Improvements other than buildings	5,638	-	-	5,638
Furniture and equipment	17,145	104	(338)	16,911
Total capital assets, being depreciated	<u>24,190</u>	<u>104</u>	<u>(338)</u>	<u>23,956</u>
Less accumulated depreciation for				
Buildings	(1,262)	(41)	-	(1,303)
Improvements other than buildings	(2,856)	(75)	-	(2,931)
Furniture and equipment	(7,604)	(794)	338	(8,060)
Total accumulated depreciation	<u>(11,722)</u>	<u>(910)</u>	<u>338</u>	<u>(12,294)</u>
Total capital assets, being depreciated, net	<u>12,468</u>	<u>(806)</u>	<u>-</u>	<u>11,662</u>
Business-type activities capital assets, net	<u>\$ 13,036</u>	<u>\$ (806)</u>	<u>\$ -</u>	<u>\$ 12,230</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 \$7.5 million.

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

Governmental activities:	
General government	\$ 6,819
Education, support services	177
Health services	1,200
Law, justice, public safety	41,220
Recreation, resource development	6,867
Social services	18,779
Transportation	18,903
Regulation of business	2,848
Unallocated	2,533
Depreciation and amortization on capital assets held by the State's internal service funds is charged to the various functions based on their use of the assets	6,238
Total depreciation/amortization expense - governmental activities	<u>\$ 105,584</u>
Business-type activities:	
Housing	\$ 36
Workers' compensation and safety	362
Higher education tuition	17
Other	495
Total depreciation/amortization expense - business-type activities	<u>\$ 910</u>

Notes to the Financial Statements

For the Year Ended June 30, 2021

Capital asset activity of the Nevada System of Higher Education for the year ended June 30, 2021, was as follows (expressed in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Nevada System of Higher Education:				
Capital assets, not being depreciated				
Construction in progress	\$ 182,905	\$ 85,861	\$ (151,437)	\$ 117,329
Land	167,425	5,868	(184)	173,109
Land improvements	227	-	-	227
Intangibles	703	-	-	703
Collections	12,058	141	(168)	12,031
Total capital assets, not being depreciated	<u>363,318</u>	<u>91,870</u>	<u>(151,789)</u>	<u>303,399</u>
Capital assets, being depreciated				
Buildings	3,161,908	181,039	(4,646)	3,338,301
Land improvements	174,225	4,993	(603)	178,615
Machinery and equipment	419,466	39,850	(10,435)	448,881
Intangibles	49,301	2,964	(473)	51,792
Library books and media	123,939	1,589	(160)	125,368
Total capital assets, being depreciated	<u>3,928,839</u>	<u>230,435</u>	<u>(16,317)</u>	<u>4,142,957</u>
Less accumulated depreciation for				
Buildings	(1,178,623)	(79,884)	820	(1,257,687)
Land improvements	(124,082)	(5,686)	-	(129,768)
Machinery and equipment	(320,526)	(27,322)	9,261	(338,587)
Intangibles	(43,928)	(3,529)	469	(46,988)
Library books and media	(119,862)	(1,873)	160	(121,575)
Total accumulated depreciation	<u>(1,787,021)</u>	<u>(118,294)</u>	<u>10,710</u>	<u>(1,894,605)</u>
Total capital assets being depreciated, net	<u>2,141,818</u>	<u>112,141</u>	<u>(5,607)</u>	<u>2,248,352</u>
Nevada System of Higher Education activity capital assets, net	<u>\$ 2,505,136</u>	<u>\$ 204,011</u>	<u>\$ (157,396)</u>	<u>\$ 2,551,751</u>

Capital asset activity of the Colorado River Commission for the year ended June 30, 2021, was as follows (expressed in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Colorado River Commission:				
Capital assets, being depreciated				
Power transmission system	\$ 88,278	\$ -	\$ -	\$ 88,278
Office furniture and fixtures	25	-	-	25
Automobiles and other equipment	636	95	(40)	691
Total capital assets, being depreciated	<u>88,939</u>	<u>95</u>	<u>(40)</u>	<u>88,994</u>
Less accumulated depreciation for				
Power transmission system	(43,327)	(1,993)	-	(45,320)
Office furniture and fixtures	(25)	-	-	(25)
Automobiles and other equipment	(414)	(78)	40	(452)
Total accumulated depreciation	<u>(43,766)</u>	<u>(2,071)</u>	<u>40</u>	<u>(45,797)</u>
Colorado River Commission activity capital assets, net	<u>\$ 45,173</u>	<u>\$ (1,976)</u>	<u>\$ -</u>	<u>\$ 43,197</u>

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.

Notes to the Financial Statements

For the Year Ended June 30, 2021

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

Year Ending June 30	Governmental Activities
2022	\$ 3,381
2023	3,380
2024	3,381
2025	3,380
2026	3,380
2027-2044	57,500
Total future minimum lease revenues	\$ 74,402

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, 2021 (expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
<i>Bonds payable:</i>					
General obligation bonds	\$ 1,182,281	\$ 105,105	\$ (165,488)	\$ 1,121,898	\$ 125,668
Special obligation bonds	704,460	143,480	(42,875)	805,065	40,190
Subtotal	1,886,741	248,585	(208,363)	1,926,963	-
Issuance premiums (discounts)	147,332	33,654	(34,770)	146,216	31,307
Total bonds payable	2,034,073	282,239	(243,133)	2,073,179	-
Certificates of participation	72,245	-	(3,005)	69,240	3,140
Certificates of participation-private placement	2,303	-	(371)	1,932	377
Subtotal	74,548	-	(3,376)	71,172	-
Issuance premiums (discounts)	39	-	(224)	(185)	171
Total certificates of participation	74,587	-	(3,600)	70,987	-
<i>Other governmental long-term activities:</i>					
Obligations under capital leases	11,266	-	(3,724)	7,542	2,662
Compensated absences obligations	116,380	89,904	(79,986)	126,298	93,317
Pollution remediation obligations	5,000	13	(490)	4,523	656
Total other governmental long-term activities	132,646	89,917	(84,200)	138,363	-
Governmental activities long-term obligations	\$ 2,241,306	\$ 372,156	\$ (330,933)	\$ 2,282,529	\$ -
Business-type activities:					
<i>Bonds payable:</i>					
General obligation bonds	\$ 74,124	\$ 1,470	\$ (12,907)	\$ 62,687	\$ 8,307
Special obligation bonds	875,915	185,278	(214,935)	846,258	54,978
Subtotal	950,039	186,748	(227,842)	908,945	63,285
Issuance premiums (discounts)	10,577	2,013	(1,795)	10,795	1,283
Total bonds payable	960,616	188,761	(229,637)	919,740	64,568
Compensated absences obligations	2,220	1,921	(1,605)	2,536	1,875
Tuition benefits payable	206,345	22,435	(20,640)	208,140	19,863
Business-type activities long-term obligations	\$ 1,169,181	\$ 213,117	\$ (251,882)	\$ 1,130,416	\$ 86,306

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

B. Bonds Payable

The State issues general obligation bonds for the acquisition, construction and improvement of major capital facilities; buying local governments' bonds in the municipal bond bank fund; loans to municipalities for water projects; protection of natural resources; cultural affairs projects; the construction, reconstruction, improvement and maintenance of highways; and for

Notes to the Financial Statements

For the Year Ended June 30, 2021

refunding purposes. General obligation bonds are direct obligations and pledge the full faith and credit of the State.

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

General obligation bonds and special obligation bonds of the primary government outstanding at June 30, 2021 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	2.0-5.0%	\$ 1,233,925	\$ 945,445
Exempt from Constitutional Debt Limitation	2.0-6.0%	248,751	176,453
<i>Special obligation bonds:</i>			
Exempt from Constitutional Debt Limitation-			
Highway Improvement Revenue Bonds	1.75-5.0%	<u>946,915</u>	<u>805,065</u>
Subtotal		2,429,591	1,926,963
<i>Issuance premiums (discounts)</i>		<u>507,871</u>	<u>146,216</u>
Governmental activities bonds payable		<u>2,937,462</u>	<u>2,073,179</u>
Business-type activities:			
<i>General obligation bonds:</i>			
Exempt from Constitutional Debt Limitation	2.0-5.5%	128,052	62,687
<i>Special obligation bonds:</i>			
Housing Bonds	*.20-6.95%	<u>1,234,852</u>	<u>846,258</u>
Subtotal		1,362,904	908,945
<i>Issuance premiums (discounts)</i>		<u>17,026</u>	<u>10,795</u>
Business-type activities bonds payable		<u>1,379,930</u>	<u>919,740</u>
Total bonds payable		<u>\$ 4,317,392</u>	<u>\$ 2,992,919</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, 2021, of the primary government are summarized in the table following (expressed in thousands):

Year Ending June 30	Governmental Activities				Business-Type Activities			
	General Obligation		Special Obligation		General Obligation		Special Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 125,668	\$ 48,582	\$ 40,190	\$ 33,386	\$ 8,307	\$ 2,437	\$ 54,978	\$ 27,881
2023	120,604	42,270	42,110	31,393	7,771	2,102	8,343	28,130
2024	110,894	36,229	43,995	29,317	4,621	1,840	42,558	28,079
2025	114,757	30,733	46,080	27,078	5,478	1,607	10,348	27,714
2026	116,562	24,757	48,285	24,719	5,053	1,376	7,574	27,367
2027-2031	321,013	62,222	268,205	86,783	18,497	4,107	48,709	141,367
2032-2036	167,910	20,648	244,790	28,826	12,330	893	169,024	125,800
2037-2041	44,490	1,972	71,410	3,190	630	19	156,714	93,098
2042-2046	-	-	-	-	-	-	67,437	86,949
2047-2051	-	-	-	-	-	-	46,617	72,295
2052-2056	-	-	-	-	-	-	143,956	29,206
2057-2061	-	-	-	-	-	-	90,000	12,439
Total	<u>\$ 1,121,898</u>	<u>\$ 267,413</u>	<u>\$ 805,065</u>	<u>\$ 264,692</u>	<u>\$ 62,687</u>	<u>\$ 14,381</u>	<u>\$ 846,258</u>	<u>\$ 700,325</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, 2021, the debt limitation and its unused portion are computed as follows (expressed in thousands):

Debt limitation (2% of total assessed valuation)	\$ 3,024,394
Less: Bonds and leases payable as of June 30, 2021, subject to limitation	<u>(945,445)</u>
Remaining debt capacity	<u>\$ 2,078,949</u>

Notes to the Financial Statements

For the Year Ended June 30, 2021

D. Nevada Municipal Bond Bank

General obligation bonds have been issued through the Municipal Bond Bank, a special revenue fund, as authorized by NRS 350A. These bonds are subject to statutory limitation of \$1.8 billion and are exempt from the Constitutional Debt Limitation. Proceeds from the bonds are used to purchase validly issued general obligation bonds of the State's local governments to finance projects related to natural resources. The State anticipates that the debt service revenue it receives from the participating local governments will be sufficient to pay the debt service requirements of the State bonds as they become due. Eleven projects were funded through the Municipal Bond Bank as of June 30, 2021, and total outstanding loans to local governments amounted to \$79,065,000.

E. Refunded Debt and Redemptions

During the fiscal year 2021, the State of Nevada refunded \$17,820,000 in general obligation, limited tax, bonds related to capital improvement, historical preservation and refunding and natural resources and refunding by issuing refunding bonds with a total par amount of \$14,845,000 at a \$3,228,269 premium. Proceeds from refunding bonds and certificates were used to refund certain outstanding State debt to realize debt service savings. The refunding decreased the aggregate debt service payments by \$4,225,555 with an economic or present value gain of \$3,971,301. The reacquisition price not exceeding the carrying amount of the old debt causing a deferred accounting gain of \$75,481. This amount is being reported as a deferred inflow of resources and amortized as an adjustment to interest expense over the life of the refunded debt or the refunding debt, whichever is shorter. The impact of the refunding issues is presented in the following table (expressed in thousands):

	Refunding Amount	Refunded Amount	Cash Flow Gain (Loss)	Present Value Gain
Capital Improvement, Historical Preservation and Refunding Bonds Series 2010C	\$ 16,125	\$ 16,125	\$ 3,597	\$ 3,461
Natural Resources and Refunding Bonds-Marlette Lake Bonds Series 2010D	1,695	1,695	629	510
Total	\$ 17,820	\$ 17,820	\$ 4,226	\$ 3,971

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, 2021 include vehicles and building improvements of \$32,159,486 with accumulated depreciation of \$14,567,055.

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, 2021 follow (expressed in thousands):

Year Ending June 30	Governmental Activities
2022	\$ 2,981
2023	1,902
2024	1,977
2025	1,348
Total minimum lease payments	8,208
Less: amount representing interest	(665)
Obligations under capital leases	\$ 7,543

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

Notes to the Financial Statements

For the Year Ended June 30, 2021

building in Carson City and resurfacing of the exterior of the existing building, together with related improvements on the premises. These Certificates of Participation are Privately Placed.

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

The following schedule presents future certificates of participation payments as of June 30, 2021 (expressed in thousands):

Year Ending June 30	Certificates of Participation		Certificates of Participation-Private Placements	
	Principal	Interest	Principal	Interest
2022	\$ 3,140	\$ 3,270	\$ 377	\$ 43
2023	3,295	3,113	388	35
2024	3,465	2,948	393	26
2025	3,640	2,775	402	17
2026	3,815	2,593	372	8
2027-2031	21,765	10,293	-	-
2032-2036	10,530	6,379	-	-
2037-2041	13,300	3,612	-	-
2042-2046	6,290	476	-	-
Total	\$ 69,240	\$ 35,459	\$ 1,932	\$ 129

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	\$	208,140
Net position available		427,286
Net position as a percentage of tuition benefits obligation		205.29 %

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

	Universities	Community Colleges
2022-23	2.80%	2.80%
2023-24	2.50%	2.50%
2024-25	1.90%	1.90%
2025-26 and later	4.00%	3.50%

I. Arbitrage Rebate Requirement

The Tax Reform Act of 1986 imposes a rebate requirement with respect to some bonds issued by the State. Under this requirement, an amount equal to the sum of (a) the excess of the aggregate amount earned on all investments (other than certain specified exceptions) over the amount that would have been earned if all investments were invested at a rate equal to the yield on the bonds, and (b) any income earned on the excess described in (a) must be rebated to the United States Treasury, in order for the interest on the bonds to be excluded from gross income for federal income tax purposes. In accordance with the Internal Revenue Service Regulations, arbitrage rebate liability calculated as of June 30, 2021 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

Notes to the Financial Statements

For the Year Ended June 30, 2021

enacted the Charter School Financing Law, which authorizes the issuance of Charter School Bonds and other obligations to finance the acquisition, construction, improvement, maintenance or furnishing of land, buildings and facilities for Charter Schools in the State of Nevada. The above two types of bonds are secured by the properties financed and are payable solely from payments received on the underlying mortgage loans. The State is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2021 there are seven series of Industrial Revenue Bonds and five series of Charter School Bonds outstanding, with an aggregate principal amount payable of \$381,930,000.

K. Pledged Revenue

Pledged motor vehicle and special fuel tax - The State has pledged a portion of future motor vehicle fuel and special fuel tax revenues as well as federal aid for eligible projects to repay the Highway Improvement Revenue Bonds that were issued for highway construction projects and property acquisition purposes. As of June 30, 2021, the outstanding balance of Highway Improvement Revenue and Refunding bonds is \$805,065,000. The total of principal and interest remaining on the bonds is \$1,069,757,084 payable through December 2041. Upon completion of eligible projects, federal aid of \$378,000,000 is expected to be received in fiscal year 2022. For the current year, principal and interest paid was \$76,762,891 and total motor vehicle fuel and special fuel tax revenues were \$323,718,042.

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, 2021, the outstanding balance of Lease Revenue Certificates of Participation is \$71,172,000. The total of principal and interest remaining on the certificates is \$106,760,466 payable through June 2043. In fiscal year 2021, principal and interest of \$6,838,514 was paid. Building rent of \$7,000,000 is expected to be collected in fiscal year 2022, which will be used to pay the fiscal year 2022 debt service principal and interest of \$6,830,028.

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, 2021, the outstanding balance of single-family and multi-unit bonds is \$846,257,663. The total of principal and interest remaining on the bonds is \$1,546,582,954 payable through February 2061. In fiscal year 2021, principal and interest of \$244,984,438 was paid, pursuant to provisions of the related agreements, which permits surplus collections, resulting primarily from mortgage loan payments, to be used to retire the obligation. Total operating revenues were \$41,797,458, receipts of mortgage loans were \$116,301,511, and the proceeds from the sale of bonds were \$186,998,950 during the current year.

L. Pollution Remediation Obligation

Currently there are four 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, 2021 the total pollution remediation obligation is \$4,523,555.

M. Component Unit Obligations

Nevada System of Higher Education (NSHE) - Bonds, notes, capital leases and compensated absences payable by NSHE at June 30, 2021 and the changes for the year then ended, consist of the following (expressed in thousands):

Notes to the Financial Statements

For the Year Ended June 30, 2021

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and notes payable	\$ 748,209	\$ -	\$ (65,980)	\$ 682,229	\$ 39,464
Issuance premiums (discounts)	42,752	-	(3,341)	39,411	2,995
Total bonds payable	790,961	-	(69,321)	721,640	42,459
Obligations under capital leases	51,409	532	(2,731)	49,210	2,652
Compensated absences obligations	63,879	46,131	(38,646)	71,364	42,108
Total	<u>\$ 906,249</u>	<u>\$ 46,663</u>	<u>\$ (110,698)</u>	<u>842,214</u>	<u>87,219</u>
Discretely presented component units of the NSHE:					
Bonds and notes payable				273	-
Obligations under capital leases				209	208
Total				<u>\$ 842,696</u>	<u>\$ 87,427</u>

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, 2021 (expressed in thousands):

Year Ending June 30	Principal	Interest
2022	\$ 39,464	\$ 25,999
2023	37,444	24,605
2024	33,053	23,193
2025	30,340	21,797
2026	31,068	20,373
2027-2031	142,940	83,288
2032-2036	151,950	53,125
2037-2041	96,175	30,383
2042-2046	82,400	13,634
2047-2051	37,395	1,904
	682,229	298,301
Premiums	39,411	-
Total	<u>\$ 721,640</u>	<u>\$ 298,301</u>

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

Year Ending June 30	Amount
2022	\$ 5,029
2023	4,961
2024	3,119
2025	3,782
2026	3,589
2027-2031	17,049
Thereafter	38,320
Total minimum lease payments	75,849
Less: amount representing interest	(26,639)
Obligations under capital leases	<u>\$ 49,210</u>

Colorado River Commission (CRC) – Bonds and compensated absences payable by CRC at June 30, 2021, 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	\$ 26,740	\$ -	\$ (755)	\$ 25,985	\$ 770
Issuance premiums (discounts)	(138)	-	6	(132)	-
Total bonds payable	26,602	-	(749)	25,853	770
Compensated absences obligations	519	182	(113)	588	368
Total	<u>\$ 27,121</u>	<u>\$ 182</u>	<u>\$ (862)</u>	<u>\$ 26,441</u>	<u>\$ 1,138</u>

Notes to the Financial Statements

For the Year Ended June 30, 2021

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
2022	\$ 770	\$ 1,015
2023	800	994
2024	815	971
2025	835	945
2026	865	916
2027-2031	4,825	4,085
2032-2036	5,845	3,027
2037-2041	6,700	1,678
2042-2046	4,530	294
Total	\$ 25,985	\$ 13,925

N. Short-Term Obligations

Primary Government - There was no short-term debt outstanding at July 1, 2020 or June 30, 2021.

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 \$2,354,762,771, deferred outflows of resources of \$382,708,520, deferred inflows of resources of \$153,275,419, pension expenditures of \$205,993,230 and pension expense of \$6,762,103. Pension expenditures and expense total \$212,755,333. 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 \$430,389,790, deferred outflows of resources of \$72,793,009, deferred inflows of resources of \$21,880,761 and pension expense of \$50,532,111.

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:

Notes to the Financial Statements

For the Year Ended June 30, 2021

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

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

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

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

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

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

Notes to the Financial Statements

For the Year Ended June 30, 2021

Required contribution rates for employers and for active plan members, as a percentage of covered payroll, for the fiscal year ended June 30, 2021, were as follows:

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

The primary government contributions recognized as part of pension expense for the current fiscal year ended June 30, 2021, were \$176,299,827 and discretely presented component unit contributions totaled \$31,024,007.

Pension Liabilities, Pension Expenditure/Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Primary Government - At June 30, 2021, the State reported a liability of \$2,345,466,764, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the State's proportion was 16.84%, an increase of .13% from its proportion measured at June 30, 2019.

For the year ended June 30, 2021, the State recognized pension expenditure of \$203,405,314 and pension expense of \$6,762,103. At June 30, 2021, 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	\$ 72,872	\$ (30,286)
Changes of assumption	65,882	-
Net difference between projected and actual earnings on pension plan investments	-	(88,602)
Changes in proportionate share of contributions	63,879	(30,067)
State contributions subsequent to the measurement date	175,008	-
Total	\$ 377,641	\$ (148,955)

Deferred outflows of resources of \$175,007,871 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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:	
2022	\$ (24,534)
2023	33,126
2024	22,110
2025	18,216
2026	4,396
Thereafter	364

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, 2021, the NSHE reported a liability of \$424,238,000, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the NSHE's proportion was 3.05%, an increase of .01% from its proportion measured at June 30, 2019.

Notes to the Financial Statements

For the Year Ended June 30, 2021

For the year ended June 30, 2021, the NSHE recognized pension expense of \$50,000,000. At June 30, 2021, 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	\$ 13,181	\$ (5,478)
Changes of assumption	11,916	-
Net difference between projected and actual earnings on pension plan investments	-	(16,026)
Changes in proportionate share of contributions	15,447	(1)
NSHE contributions subsequent to the measurement date	31,286	-
Total	<u>\$ 71,830</u>	<u>\$ (21,505)</u>

Deferred outflows of resources of \$31,286,000 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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:	
2022	\$ (35,545)
2023	17,685
2024	20,424
2025	14,290
2026	2,041
Thereafter	144

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Colorado River Commission (CRC) - At June 30, 2021, the CRC reported a liability of \$6,151,790, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The CRC's proportion of the net pension liability was based on the CRC's share of contributions in PERS pension plan relative to the total contributions of all participating PERS employers and members. At June 30, 2020, the CRC's proportion was .04%, no change from its proportion measured at June 30, 2019.

For the year ended June 30, 2021, the CRC recognized pension expense of \$532,111. At June 30, 2021, 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	\$ 191	\$ (80)
Changes of assumption	173	-
Net difference between projected and actual earnings on pension plan investments	-	(232)
Changes in proportionate share of contributions	158	(64)
CRC contributions subsequent to the measurement date	441	-
Total	<u>\$ 963</u>	<u>\$ (376)</u>

Deferred outflows of resources of \$440,847 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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:	
2022	\$ (62)
2023	90
2024	59
2025	47
2026	10
Thereafter	2

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For the Year Ended June 30, 2021

Actuarial Assumptions – The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<i>Inflation rate:</i>	2.75%
<i>Payroll growth:</i>	5.00%, including inflation
<i>Investment rate of return:</i>	7.50%
<i>Productivity pay increase:</i>	0.50%
<i>Projected salary increases:</i>	Regular: 4.25% to 9.15%, depending on service Police/Fire: 4.55% to 13.90%, depending on service Rates include inflation and productivity increases
<i>Consumer price index:</i>	2.75%
<i>Other assumptions:</i>	Same as those used in the June 30, 2020, funding actuarial valuation

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

Actuarial assumptions used in the June 30, 2020, 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, 2020, are included in the following table:

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

Discount Rate – The discount rate used to measure the total pension liability was 7.5% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except that projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

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, 2020, calculated using the discount rate of 7.5%, as well as what

Notes to the Financial Statements

For the Year Ended June 30, 2021

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):

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Primary government - net pension liability	\$ 3,658,022	\$ 2,345,467	\$ 1,254,175
Nevada System of Higher Education - net pension liability	661,647	424,238	226,850
Colorado River Commission - net pension liability	9,594	6,152	3,290

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, 2021, the primary government reported payables to the defined benefit pension plan of \$17,713,750 for legally required employer contributions, and \$8,484,151 for legally required employee contributions withheld from employee wages, not yet remitted to PERS.

B. Legislators’ Retirement System of Nevada

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

At June 30, 2020, the LRS pension plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	73
Inactive vested members	11
Inactive non-vested members	32
Active members	32
Total	<u><u>148</u></u>

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

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

Members are eligible for post-retirement benefit increases based on their effective date of membership. For members with an effective date of membership before January 1, 2010, the lesser of: (a) 2% per year following the third anniversary of the commencement of benefits, 3% per year following the sixth anniversary, 3.5% per year following the ninth anniversary, 4% per year following the twelfth anniversary and 5% per year following the fourteenth anniversary, or (b) the average percentage increase in the Consumer Price Index (or other Board approved index) for the three preceding years. In any event, a member’s benefit must be increased by the percentages in (a) if it has not been increased at a rate greater than or equal to the average of the Consumer Price Index (CPI) (All items) (or other Board approved index) for the period between retirement and the date of increase. For members with an effective date of membership on or after January 1, 2010, and prior to July 1, 2015, same as above, except the increases in (a) above do not exceed 4% per year. For members with an effective date of membership on or after July 1, 2015, 2% per year following the third through fifth anniversaries of the commencement of benefits; 2.5% per year following the sixth through eighth anniversaries. On succeeding anniversaries, the annual increase shall be the lesser of 3% or the CPI for the preceding calendar year. For future retirees, those hired prior to 2010 are assumed to reach the cap after 16 years of retirement. Those hired in between 2010 and 2015 are also assumed to reach the cap after 16 years of retirement.

Notes to the Financial Statements

For the Year Ended June 30, 2021

Those hired after 2015 will never receive an annual increase that exceeds 2.75%. Underlying all of these assumptions is that CPI will grow over time at a rate of 2.75% per year.

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

State contributions recognized as part of pension expense for the fiscal year ended June 30, 2021, were \$82,846.

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

Pension Liabilities, Pension Expenditure, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the State reported a net pension liability of \$147,172. The net pension liability was measured as of June 30, 2020, 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, 2021, the State recognized pension expense of \$73,351. At June 30, 2021, 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	\$ -	\$ (27)
Differences between expected and actual experience	9	-
State contributions subsequent to the measurement date	83	-
Total	<u>\$ 92</u>	<u>\$ (27)</u>

Deferred outflows of resources of \$82,846 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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	
2022	\$ (32)
2023	(4)
2024	9
2025	9
2026	-
Thereafter	-

Notes to the Financial Statements

For the Year Ended June 30, 2021

The following table presents the changes in the net pension liability for LRS for the year ended June 30, 2020 (expressed in thousands):

	<u>2020</u>
Total pension liability	
Service cost	\$ 33
Interest	349
Difference between expected and actual experience	56
Benefit payments, including refunds	<u>(427)</u>
Net change in total pension liability	11
Total pension liability - beginning	<u>4,830</u>
Total pension liability - ending (a)	<u>\$ 4,841</u>
Plan fiduciary net position	
Contributions - employer	\$ 98
Contributions - plan member	25
Net investment income	294
Benefit payments, including refunds	(427)
Administration expenses	(80)
Other	<u>81</u>
Net change in plan fiduciary net position	(9)
Plan fiduciary net position - beginning	<u>4,703</u>
Plan fiduciary net position - ending (b)	<u>\$ 4,694</u>
Net pension liability - beginning	\$ 127
Net pension liability - ending (a) - (b)	\$ 147
Plan fiduciary net position as a percentage of total pension liability	97%
Covered payroll	N/A
Net pension liability as a percentage of covered payroll	N/A

Actuarial Assumptions – The State’s net pension liability was measured as of June 30, 2020, 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, 2020, 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, 2020, 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, 2020, are included in the following table.

Notes to the Financial Statements

For the Year Ended June 30, 2021

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

Discount Rate – The discount rate used to measure the total pension liability was 7.5% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease in Discount Rate (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase in Discount Rate (8.5%)</u>
Net pension liability	\$ 564	\$ 147	\$ (210)

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, 2021, 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, 2020, the JRS pension plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	82
Inactive vested members	2
Active members	112
Total	<u>196</u>

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%.

Notes to the Financial Statements

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Benefit payments to which participants may be entitled under the plan include pension benefits, disability benefits and survivor benefits.

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

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

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

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

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

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

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

The State’s annual actuarially determined contribution to fund the System at June 30, 2021, was \$5,254,984 and the actual contribution made was \$4,851,453.

Pension Liability, Pension Expenditure, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the State reported a liability of \$9,148,835 for its net pension liability for the JRS pension plan. The net pension liability was measured as of June 30, 2020, 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, 2021, the State recognized pension expenditure of \$2,514,565. At June 30, 2021, 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	\$ 108	\$ (3,970)
Change of assumptions	7	-
Net difference between projected and actual earnings on pension plan investments	-	(182)
Changes in proportion and differences between State contributions and proportionate share of contributions	9	(142)
State contributions subsequent to the measurement date	4,851	-
Total	\$ 4,975	\$ (4,294)

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For the Year Ended June 30, 2021

Deferred outflows of resources of \$4,851,453 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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:	
2022	\$ (2,330)
2023	(1,351)
2024	(430)
2025	(59)
2026	-
Thereafter	-

The following table presents the changes in the net pension liability for JRS for the year ended June 30, 2020 (expressed in thousands):

	<u>2020</u>
Total pension liability	
Service cost	\$ 4,117
Interest	11,034
Differences between expected and actual experience	(3,301)
Benefit payments, including refunds	<u>(6,594)</u>
Net change in total pension liability	5,256
Total pension liability - beginning	<u>146,304</u>
Total pension liability - ending (a)	<u><u>\$ 151,560</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 5,334
Employee purchase of service	635
Net investment income	8,418
Benefit payments, including refunds	(6,594)
Administrative expenses	<u>(109)</u>
Net change in plan fiduciary net position	7,684
Plan fiduciary net position - beginning	<u>133,658</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 141,342</u></u>
Net pension liability - beginning	\$ 12,646
Net pension liability - ending (a) - (b)	\$ 10,218
Plan fiduciary net position as a percentage of total pension liability	93%
Covered payroll (measurement as of end of fiscal year)	\$ 20,561
Net pension liability as a percentage of covered payroll	50%

Actuarial Assumptions – The State’s net pension liability was measured as of June 30, 2020, 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, 2020, funding actuarial valuation

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

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For the Year Ended June 30, 2021

The actuarial assumptions used in the June 30, 2020, 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, 2020, 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, 2020. 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	\$ 24,269	\$ 9,149	\$ (3,702)

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, 2021, the State reported payables to the defined benefit pension plan of \$279,345 for legally required employer contributions not yet remitted to JRS.

11. Postemployment Benefits Other than Pensions (OPEB)

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

Plan description – Officers and employees of the State of Nevada and of certain other participating local governmental agencies within the State of Nevada are provided with OPEB through the Nevada Public Employees’ Benefits Program (PEBP), a multiple-employer cost-sharing defined postemployment benefit plan. The program is administered by the PEBP Board, whose ten members are appointed by the governor. NRS 287.023 provides officers and employees eligible to be covered by any group insurance, plan of benefits or medical and hospital service established pursuant to NRS 287 the option upon retirement to cancel or continue any such coverage. The cost to administer the program is financed through the contributions and investment earnings of the plan. NRS 287.043 grants the PEBP Board the authority to establish and amend the benefit terms of the

Notes to the Financial Statements

For the Year Ended June 30, 2021

program. PEBP issues a publicly available financial report that includes financial statements and the required supplementary information for the plan. That report may be obtained from Public Employees' Benefits Program, 901 South Stewart Street, Suite 1001, Carson City, NV 89701.

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

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

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

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

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

The authority for establishing an assessment to pay for a portion of the cost of premiums or contributions for the program is in statute. According to NRS 287.046 the Office of Finance shall establish an assessment that is to be used to pay for a portion of the cost of premiums or contributions for the Program for persons who were initially hired before January 1, 2012, and have retired with State service. The money assessed must be deposited into the State Retirees' Fund and must be based upon an amount approved by the Legislature each session to pay for a portion of the current and future health and welfare benefits for persons who retired before January 1, 1994, or for persons who retire on or after January 1, 1994, as adjusted by the years of service subsidy rates. The required contribution rate for employers (the retired employees group insurance rate), as a percentage of covered-employee payroll, for the fiscal year ended June 30, 2021 was 2.36%. Contributions recognized as part of OPEB expense for the current fiscal year ended June 30, 2021 were \$23,290,075 for the primary government, \$15,857,000 for the Nevada System of Higher Education, and \$62,775 for the Colorado River Commission.

OPEB Liabilities, OPEB Expenditure/Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB - Primary Government - At June 30, 2021, the State reported a liability of \$882,305,983, for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of January 1, 2020. The State's proportion of the collective net OPEB liability was based on the State's share of contributions in the OPEB plan relative to the total contributions of all participating OPEB employers and members. At June 30, 2021, the State's proportion was 58.68%, an increase of .54% from its proportion measured at June 30, 2020.

Notes to the Financial Statements

For the Year Ended June 30, 2021

For the year ended June 30, 2021, the State recognized OPEB expenditure of \$55,957,877 and OPEB expense of \$2,061,958. At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (44,628)
Changes of assumptions	70,639	(17,846)
Net differences between projected and actual investment earnings on OPEB plan investments	-	(185)
Contributions subsequent to the measurement date and implicit subsidy paid	31,336	-
Total	<u>\$ 101,975</u>	<u>\$ (62,659)</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$23,290,075 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, 2022.

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:	
2022	\$ (7,312)
2023	3,494
2024	6,860
2025	4,938
2026	-
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, 2021, the NSHE reported a liability of \$606,769,000, for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of July 1, 2020, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of January 1, 2020. The NSHE's proportion of the collective net OPEB liability was based on the NSHE's share of contributions in the OPEB plan relative to the total contributions of all participating OPEB employers and members. At June 30, 2021, the NSHE's proportion was 40.35%, a decrease of .50% from its proportion measured at June 30, 2020.

For the year ended June 30, 2021, the NSHE recognized OPEB expense of \$27,672,000. At June 30, 2021, the NSHE reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (30,691)
Changes of assumptions	48,579	(12,273)
Net differences between projected and actual investment earnings on OPEB plan investments	-	(128)
Contributions subsequent to the measurement date	15,857	-
Total	<u>\$ 64,436</u>	<u>\$ (43,092)</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$15,857,000 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, 2022.

Notes to the Financial Statements

For the Year Ended June 30, 2021

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

Year Ended June 30:	
2022	\$ (5,030)
2023	2,403
2024	4,718
2025	3,396
2026	-
Thereafter	-

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB - Colorado River Commission (CRC) - At June 30, 2021, the CRC reported a liability of \$2,376,085, for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The CRC's proportion of the collective net OPEB liability was based on the CRC's share of contributions in the OPEB plan relative to the total contributions of all participating OPEB employers and members. At June 30, 2021, the CRC's proportion was 0.1580%, a decrease of 0.0047% from its proportion measured at June 30, 2020.

For the year ended June 30, 2021, the CRC recognized OPEB expense of \$135,540. At June 30, 2021, 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	\$ 190	\$ (48)
Net differences between projected and actual investment earnings on OPEB plan investments	-	(121)
Contributions subsequent to the measurement date and implicit subsidy paid	84	-
Total	<u>\$ 274</u>	<u>\$ (169)</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$62,775 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, 2022.

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:	
2022	\$ (19)
2023	9
2024	18
2025	13
2026	-
Thereafter	-

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

<i>Inflation:</i>	2.50%
<i>Salary increases:</i>	0.50% productivity pay increase, 2.91% average promotional and merit salary increase
<i>Investment rate of return:</i>	2.21% based on a 20-Year Municipal Bond Index
<i>Healthcare cost trend rates:</i>	6.25% initially, decreasing to a 4.50% long-term trend rate after ten years

Healthy mortality rates for Pre-Retirement were based on Pub-2010 Public Retirement Safety Mortality Table weighted by Headcount, projected by MP-2019. Post-Retirement were based on Pub-2010 Public Retirement Plans General Mortality Table weighted by Headcount, projected by MP-2019. Disability Pre-Retirement were based on Pub-2010 Public Retirement

Notes to the Financial Statements

For the Year Ended June 30, 2021

Safety Disabled Mortality Table weighted by Headcount, projected by MP-2019. Post Retirement were based on Pub-2010 Public Retirement Plans General Disability Mortality Table weighted by Headcount, projected by MP-2019.

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

Discount Rate – The discount rate used to measure the total OPEB liability was 2.21%, 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, 2020 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 (1.21%)</u>	<u>Discount Rate (2.21%)</u>	<u>1% Increase in Discount Rate (3.21%)</u>
State's proportionate share of the collective net OPEB liability	\$ 987,867	\$ 882,306	\$ 793,034
NSHE's proportionate share of the collective net OPEB liability	679,004	606,769	545,734
CRC's proportionate share of the collective net OPEB liability	2,659	2,376	2,137

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	\$ 825,250	\$ 882,306	\$ 950,611
NSHE's proportionate share of the collective net OPEB liability	567,531	606,769	653,742
CRC's proportionate share of the collective net OPEB liability	2,222	2,376	2,560

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, 2021, the primary government and the NSHE reported payables to the defined benefit OPEB plan of \$7,142 and \$121,000, respectively, for statutorily required employer contributions which had been assessed on employee salaries but not yet remitted to the State Retirees' Fund.

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):

Notes to the Financial Statements

For the Year Ended June 30, 2021

	<u>Self-Insurance</u>	<u>Insurance Premiums</u>
Balance June 30, 2019	\$ 94,881	\$ 61,338
Claims and changes in estimates	303,889	15,313
Claim payments	<u>(309,068)</u>	<u>(13,439)</u>
Balance June 30, 2020	89,702	63,212
Claims and changes in estimates	300,584	21,622
Claim payments	<u>(306,701)</u>	<u>(15,000)</u>
Balance June 30, 2021	\$ 83,585	\$ 69,834
Due Within One Year	\$ 83,585	\$ 20,005

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, 2021. 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 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.

Notes to the Financial Statements

For the Year Ended June 30, 2021

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 \$55,290,927 as of June 30, 2021, 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, 2021.

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

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

At June 30, 2021, incurred but not reported claims liability for general, civil and auto liability insurance is based upon standard actuarial techniques, which take into account financial data, loss experience of other self-insurance programs and the insurance industry, the development of known claims, estimates of the cost of reported claims, incurred but not reported claims, and allocated loss adjustment expenses. The incurred but not reported claims liability for property casualty insurance is based upon the estimated cost to replace damaged property. The liability for estimated losses from reported and unreported claims in excess of the amounts paid for the workers' compensation policies is determined using standard actuarial techniques, which take into account claims history and loss development factors for similar entities. Incurred but not reported claims liabilities are included in the reserve for losses.

The State is contingently liable for the cost of post retirement heart, lung and cancer disease benefits payable under the Nevada Occupational Disease Act. Any fireman or police officer that satisfies the two-year employment period under this act is eligible for coverage under Workers' Compensation for heart and lung disease. Any fireman that satisfies the five-year employment period under this act is eligible for coverage under Workers' Compensation for cancer disease. A range of estimated losses from \$6,986,000 to \$24,995,000 for heart disease, \$8,358,310 for lung disease and \$7,756,720 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, 2021, total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by \$50,400,325. The Fund is liable for approximately \$70 million as of June 30, 2021, 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.

13. Fund Balances and Net Position

A. Net Position-Restricted by Enabling Legislation

The government-wide statement of net position reports \$2,145,457,000 of net position-restricted for the primary government, of which \$161,758,832 is restricted by enabling legislation.

Notes to the Financial Statements

For the Year Ended June 30, 2021

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, 2021, is shown below (expressed in thousands):

	Major Governmental Funds		Nonmajor Governmental Funds	Total Governmental
	General Fund	State Highway		
Fund balances:				
Nonspendable:				
Long term notes/loans receivable	\$ 13,192	\$ -	\$ -	\$ 13,192
Inventory	102,401	22,274	477	125,152
Advances	53,200	-	-	53,200
Prepaid items	4,532	432	110	5,074
Permanent fund principal	-	-	397,036	397,036
Restricted for:				
Administration	75	-	2,364	2,439
Agriculture	697	-	-	697
Business and industry	13,821	-	11,002	24,823
Capital projects	-	-	71,014	71,014
Conservation and natural resources	36,699	-	9,265	45,964
Corrections	13	-	16,494	16,507
Debt service	-	-	26,310	26,310
Economic development	1,227	-	-	1,227
Education K-12	70	-	49	119
Elected officials	1,880	-	-	1,880
Gaming control	4,468	-	-	4,468
Health and human services	3,269	-	28,132	31,401
Motor vehicles	-	63,877	-	63,877
Other purposes	-	-	9,116	9,116
Public safety	1,486	22,092	-	23,578
Transportation	-	365,549	-	365,549
Veteran's services	1,234	-	-	1,234
Wildlife	15,751	-	-	15,751
Committed to:				
Administration	20,535	-	-	20,535
Agriculture	7,934	-	675	8,609
Business and industry	48,797	-	6,362	55,159
Cannabis compliance	2,398	-	-	2,398
Capital projects	-	-	2,952	2,952
Conservation and natural resources	108,871	-	9,224	118,095
Corrections	25,579	-	-	25,579
Debt service	-	-	249,170	249,170
Economic development	12,434	-	6,753	19,187
Education K-12	34,707	-	-	34,707
Elected Officials	119,054	-	2,171	121,225
Employment and training	2,682	-	-	2,682
Fiscal emergency	393,369	-	-	393,369
Gaming control	5,728	-	-	5,728
Health and human services	124,418	-	531	124,949
Judicial	9,704	-	-	9,704
Legislative	62,189	-	-	62,189
Military	1,678	-	-	1,678
Motor vehicles	2,626	-	-	2,626
Other purposes	6,340	-	-	6,340
Public safety	26,297	2,647	-	28,944
Silver state health insurance	6,353	-	-	6,353
Social services	-	-	70,853	70,853
Tobacco settlement program	-	-	73,375	73,375
Taxation	4,239	-	-	4,239
Transportation	-	74,920	-	74,920
Veteran's services	10,024	-	-	10,024
Wildlife	25,495	-	-	25,495
Assigned to:				
Administration	136	-	-	136
Conservation and natural resources	9,261	-	-	9,261
Corrections	279	-	-	279
Education K-12	360	-	-	360
Employment and training	1,969	-	-	1,969
Military	120	-	-	120
Other purposes	331	-	-	331
Veteran's services	1,332	-	-	1,332
Unassigned:	91,775	-	-	91,775
Total fund balances	\$ 1,421,029	\$ 551,791	\$ 993,435	\$ 2,966,255

Notes to the Financial Statements

For the Year Ended June 30, 2021

C. Individual Fund Deficit

Nonmajor Enterprise Funds:

Insurance Administration and Enforcement - The Insurance Administration and Enforcement Fund accounts for activities related to the administration and enforcement of the Nevada Insurance Code and other laws and regulations enforced by the Department of Business and Industry Division of Insurance. The fund recorded an increase in net position of \$1,960,738 for the year ended June 30, 2021, resulting in a negative net position of \$4,592,853 at June 30, 2021.

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 \$237,898 for the year ended June 30, 2021, resulting in a negative net position of \$934,807 at June 30, 2021.

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 \$3,373,862 for the year ended June 30, 2021, resulting in a negative net position of \$940,224 at June 30, 2021.

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 \$1,235,093 for the year ended June 30, 2021, resulting in a negative net position of \$8,988 at June 30, 2021.

Insurance Premiums – The Insurance Premiums Fund allocates the cost of fidelity insurance, property insurance and workers' compensation insurance to State agencies. The fund recorded a decrease in net position of \$7,506,399 for the year ended June 30, 2021, resulting in a negative net position of \$50,400,325 at June 30, 2021.

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 \$367,229 for the year ended June 30, 2021, resulting in a negative net position of \$3,413,694 at June 30, 2021.

Personnel – The Personnel Fund accounts for the costs of administering the State personnel system. The fund recorded an increase in net position of \$549,731 for the year ended June 30, 2021, resulting in a negative net position of \$6,192,533 at June 30, 2021.

Purchasing – The Purchasing Fund provides purchasing services to State agencies and other governmental units. The fund recorded an increase in net position of \$1,552,066 for the year ended June 30, 2021, resulting in a negative net position of \$1,529,706 at June 30, 2021.

Information Services – The Information Services Fund accounts for designing, programming, and maintaining data processing software and also operating the State's central computer facility, radio communication and telecommunication systems. The fund recorded an increase in net position of \$3,154,927 for the year ended June 30, 2021, resulting in a negative net position of \$13,492,395 at June 30, 2021.

14. Principal Tax Revenues

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

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

Modified Business Tax is imposed at different rates for businesses, financial institutions and mining. Businesses other than financial institutions and mining are assessed a tax at a rate of 1.475% per calendar quarter for amounts the wages exceed

Notes to the Financial Statements

For the Year Ended June 30, 2021

\$50,000. Modified Business Tax is imposed on financial institutions and mining at 2% on gross wages paid by the employer during the calendar quarter. There is an allowable deduction from the gross wages for amounts paid by the employer for qualified health insurance or a qualified health benefit plan.

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

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

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

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

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

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

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

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

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

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

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

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,

Notes to the Financial Statements

For the Year Ended June 30, 2021

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.

16. Tax Abatements

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

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

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

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

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

All abatements granted to eligible businesses terminate upon determination that the business has ceased to meet eligibility requirements for the abatement. The business shall refund the abatement amount for each month, or portion thereof, from the last day of the month following the period for which the payment would have been made had the partial abatement not been

Notes to the Financial Statements

For the Year Ended June 30, 2021

approved until the date of the payment of the tax. These refund payments are also subject to interest at the rate most recently established pursuant to NRS 99.040.

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

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

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

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

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

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

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.

Notes to the Financial Statements

For the Year Ended June 30, 2021

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

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

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

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

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

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

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

Notes to the Financial Statements

For the Year Ended June 30, 2021

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, 2021, on an accrual basis, are summarized in the following table (expressed in thousands):

Abatement Program	Taxes Abated			
	Modified Business Tax	Property Tax	Gaming Tax	Total
Businesses	\$ 1,800	\$ 2,372	\$ -	\$ 4,172
Capital Investment \$3.5B	11,067	-	-	11,067
Renewable Energy	-	1,060	-	1,060
Green Building	-	4,661	-	4,661
Transferable Tax Credits	-	-	5,125	5,125
Total	\$ 12,867	\$ 8,093	\$ 5,125	\$ 26,085

A receivable of \$14,995, associated with the Renewable Energy Tax Incentive, is due from Elko County per NRS 361.483, at June 30, 2021.

17. Commitments and Contingencies

A. Primary Government

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

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

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

Notes to the Financial Statements

For the Year Ended June 30, 2021

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

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

The State is a defendant on a lawsuit associated with an alleged taking of property rights. The State intends to defend this lawsuit vigorously. The State filed a Motion to Dismiss, which was granted on May 4, 2021. The plaintiffs filed an appeal with the Nevada Supreme Court regarding the State District Court's Order dismissing their case. Opening briefs were filed by the plaintiffs with the Nevada Supreme Court on November 5, 2021, and the State's answering brief was filed with the Nevada Supreme Court on January 4, 2022. The appellant's reply brief is due on March 7, 2022. Although there is a reasonable possibility of an unfavorable outcome for the State at the Nevada Supreme Court level, an estimate of the range of loss is not known at this time. Therefore, 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. Private mediation took place on May 23, 2022, but was not successful. The court has ordered a settlement conference that will take place in mid to late July, 2022. No trial date is set. The potential exposure is approximately \$30 million to \$40 million. Since the next court action will not take place until fiscal year 2023, the accompanying financial statements do not include a liability for any potential loss.

In the State of Nevada Unemployment Compensation Fund, due to staffing restrictions and the high volume of claims related to the COVID-19 pandemic, as well as the implementation of additional funding programs available to claimants under the various COVID-19 related relief acts, an unusually high number of claims remain under appeal as of the end of the fiscal year. Furthermore, claims are still being processed for benefits related to the year ended June 30, 2021. In addition to recognizing benefits payable for claims that have been processed, Fund management has estimated an amount for claims related to benefit weeks in 2021 that have not yet been processed or are still under appeal and accrued a liability (benefits payable) of \$101.6 million for those estimated unprocessed claims along with an intergovernmental receivable of \$79.5 million for the amount of the unprocessed claims related to the various federal programs.

Subsequent to June 30, the State of Nevada Unemployment Compensation Fund management has become aware of a significant dollar amount of claims being held by Bank of America. These funds relate to debit cards which have not been pinned, or activated, by the claimant, debit cards that have been pinned but have been blocked by the bank for potential fraud, and debit cards frozen by the bank for potential fraud. The total funds for the three types of transactions is approximately \$93.1 million. Of that amount, it is unknown how much would relate to supplemental federal funding received by the claimants through the various federal COVID-19 related programs and due back to the Federal government, once received. Fund management is currently negotiating with the bank on how to handle the various transaction types and which amounts should be returned to the Fund. Although it is not possible to predict the outcome of the negotiations, it is possible the resolution could have a material effect on the financial position of the Fund.

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, 2021, amounted to approximately \$50.5 million. The following is the primary government's schedule of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2021, (expressed in thousands):

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For the Year Ended June 30, 2021

For the Year Ending June 30	Amount
2022	\$ 42,435
2023	35,171
2024	28,327
2025	21,827
2026	14,464
2027-2031	25,028
2032-2036	5,938
2037-2041	6,828
2042-2046	827
2047-2051	4
Total	\$ 180,849

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, 2021, the State is unable to estimate the amount, if any, of expenditures that may be disallowed, although the State expects such amounts, if any, to be immaterial.

Nonexchange Financial Guarantees - The 1997 Nevada Legislature added NRS 387.513 through 387.528, allowing school districts to enter into guarantee agreements with the State Treasurer whereby the money in the Permanent School Fund may be used to guarantee the debt service payments on certain bonds issued by Nevada school districts. The amount of the guarantee for bonds of each school district outstanding, at any one time, must not exceed \$60 million. Total bond guarantees at June 30, 2021, were \$139.9 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, 2021, encumbered expenditures in governmental funds were as follows (expressed in thousands):

	Amount
General Fund	\$ 3,027
State Highway	5,274
Nonmajor governmental funds	388
Total	\$ 8,689

Construction Commitments - As of June 30, 2021, the Nevada Department of Transportation had total contractual commitments of approximately \$560.1 million for construction of various highway projects. Other major non-highway construction commitments for the primary government's budgeted capital projects funds total \$24.9 million.

B. Discretely Presented Component Units

Nevada System of Higher Education (NSHE) - As of June 30, 2021, the NSHE is a defendant or co-defendant in legal actions. Based on present knowledge and advice of legal counsel, the NSHE management believes any ultimate liability in these matters, in excess of insurance coverage, will not materially adversely affect the net position, changes in net position or cash flows of the NSHE.

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

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

Notes to the Financial Statements

For the Year Ended June 30, 2021

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, 2021, but no significant reduction in force or staffing cuts are anticipated.

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

The estimated cost to complete property authorized or under construction at June 30, 2021, is \$204.4 million. These costs will be financed by State appropriations, private donations, available resources, and/or long-term borrowings.

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

Nevada Capital Investment Corporation (NCIC) - The NCIC currently has commitments to the Silver State Opportunity Fund (SSOF) of \$50.0 million (the First Tranche) and to Dreamspring 2017G, LLC, of \$1.0 million. As of June 30, 2021, the NCIC has fulfilled \$47.1 million of its total commitment to SSOF and \$1.0 million to Dreamspring. The NCIC has the right, but not the obligation, to increase its capital commitment to SSOF by which would be effective after the end of the First Tranche (or such other date as the NCIC and Manager may agree). If the NCIC elects to make such an additional commitment, both the amount of the NCIC's additional commitment and an additional commitment from the Manager shall be established by agreement between the NCIC and the Manager (the Second Tranche).

18. Subsequent Events

A. Primary Government

Bonds – On November 16, 2021, the State issued \$154,560,000 in General Obligation Bonds. The 2021A Bonds were issued to finance various capital improvement projects. The 2021B Bonds were issued to finance the costs of environmental improvement projects for the Lake Tahoe Basin, as provided in the Tahoe Project Act. The 2021C and 2021D Bonds were issued to finance various projects to continue to protect, preserve, and obtain the benefits of the property, and natural and cultural resources of the State. The 2021E Bonds were issued to finance the initial construction, or renovation, modification or expansion, of portions of a public water system as set forth in the Safe Drinking Act. The 2021F Bonds were issued to finance the construction of water treatment works and the implementation of pollution control projects.

On May 10, 2022, the State issued \$75,000,000 in General Obligation Bonds. The 2022A and 2022B Bonds were issued to finance infrastructure and economic development projects within the State.

On May 31, 2022, the State issued \$1,000,000 in General Obligation Bonds. The 2022C Bonds were issued to finance the Historic Preservation Program. This program awards financial assistance to pay the actual expenses of preserving or protecting historical buildings to be used to develop a network of cultural centers and activities.

Litigation Settlement – On January 24, 2022, Nevada Attorney General Aaron D. Ford announced that the State of Nevada had previously joined with the federal government to settle allegations of fraud against Nevada corporation Lipshutz & Wills Medical Group, LLP, dba Monos Health, in relation to its involvement in the billing of urine testing to Medicaid, Medicare, and Tricare. The State will receive approximately \$2 million from the settlement.

B. Discretely Presented Component Units

Nevada System of Higher Education - The System evaluated subsequent events through February 28, 2022, and has determined the following subsequent events to report.

Subsequent to year-end, the Board of Regents of the Nevada System of Higher Education (NSHE), o.b.o., the University of Nevada, Reno (UNR) entered into an agreement with Sierra Nevada University (SNU) to transfer the operations of SNU to

Notes to the Financial Statements

For the Year Ended June 30, 2021

UNR and to gift the assets of SNU to the UNR Foundation. Under the agreement, the SNU Board will remain in control of SNU until approvals of the transfer are received by the Northwest commission on Colleges and Universities (NWCCU) and the Department of Education (DOE). UNR does not anticipate this transaction having a material impact on its operations. Approvals are anticipated to be received in FY2022.

On August 26, 2021, NSHE closed on revenue bonds series 2021A with a par amount of \$35,705,000. Proceeds of the 2021A Bonds will be used to: (i) finance construction of improvements on the campus of UNLV; (ii) refinance NSHE's outstanding 2011A Bonds for debt service savings, and (iii) pay the costs of issuing the 2021A Bonds. The 2021A Bonds are issued solely as fully registered bond certificates in the denomination of \$5,000,000 or any integral multiple thereof. The 2021A Bonds bear interest (calculated based on a 360-day year consisting of twelve 30-day months) from 2.375% to 5.000% and is payable semi-annually on January 1 and July 1 of each year, commencing January 1, 2022 and maturing on July 1, 2051. The payment of principal is payable annually on July of each year, commencing July 1, 2022.

Colorado River Commission - On August 16, 2021, the United States Bureau of Reclamation announced the first-ever shortage on the Colorado River Basin and a Level 1 Shortage Condition at Lake Mead. As a result, beginning in January 2022 and throughout the remainder of this year, the Bureau will reduce the water supplies for the three states of Arizona, Nevada, and California, and Mexico. Accordingly, Nevada will lose 7% of its 300,000-acre-foot annual water allocation (21,000 acre-feet of water), but its residents will not feel the water shortage because of conservation efforts and alternative water sources. In addition, the Bureau plans to draw down water from two reservoirs in Colorado and Utah to maintain the water level necessary for Hoover Dam to generate power. Therefore, there is no immediate impact on the sale of hydropower resources allocated to the State and the Commission's ability to generate revenue. However, with the ongoing drought in the Western region and a steady decline on the Colorado River, there might be additional shortage declarations in the future, which could have material adverse effects on the water distribution to Nevada and related hydropower generation. The Commission is monitoring this matter on an ongoing basis.

C. New Accounting Pronouncements

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

In June of 2018, 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, 2020. The anticipated impact of this pronouncement is uncertain at this time.

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

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

- The requirements related to intra-entity transfers of assets and those related to the applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, and Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, are effective for reporting periods beginning after June 15, 2021.
- Statement 84, *Fiduciary Activities*, effective for reporting periods beginning after June 15, 2021.

Notes to the Financial Statements

For the Year Ended June 30, 2021

- The requirements within the scope of Statement No. 83, *Certain Asset Retirement Obligations*, related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition, effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

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

In March of 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objectives of the Statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also to provide guidance for accounting and financial reporting for availability payment arrangements (APAs.) This Statement is effective for fiscal years beginning after June 15, 2022. The anticipated impact of this pronouncement is uncertain at this time.

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

In June of 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - An Amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This Statement is effective for reporting periods beginning after June 15, 2021. The anticipated impact of this pronouncement is uncertain at this time.

D. COVID-19, CARES Act, and ARPA

The COVID-19 pandemic is likely to continue its impact on the State's revenue in future years. The federal government authorized American Rescue Plan Act (ARPA) and Governor's Emergency Education Relief (GEER) funding totaling \$2,818,553,825 for the State of Nevada to help cover necessary funding needs arising from the COVID-19 pandemic. The State anticipates that the federal funding, along with service reductions and certain budget cuts which began in 2020, will allow Nevada to evaluate long-term financial impacts and make necessary adjustments.

Unemployment Compensation Fund - On March 11, 2021, the President of the United States signed into law the American Rescue Plan (ARP) Act which amended certain provisions of the EUIA, CARES, Protecting Nonprofits, and Continued Assistance Acts.

The ARP Act extended PUA, PEUC, FPUC, and MEUC programs through September 6, 2021. The ARP Act also extended the full funding of first week benefits and the Federal-State Extended Benefits (EB) through September 6, 2021, and extended the interest suspension on state advances from the Federal Unemployment Account through September 6, 2021.

The ARP Act extended the relief to reimbursing employers (state and local governments, Native American tribes, and non-profit organizations) through September 6, 2021, and increased the relief percentage from 50% of the reimbursable charges to 75% of the reimbursable charges for unemployment weeks beginning after March 31, 2021.

Notes to the Financial Statements

For the Year Ended June 30, 2021

The ARP Act also included a provision allowing funding provided to the states to be used for the repayment of state advances from the Federal Unemployment Account. The Nevada State Legislature passed, and the Nevada State Governor signed, Senate Bill 461 from the 2021 Legislative Session which includes a provision for using ARP Act funding to repay the advance received from the Federal Unemployment Account up to \$335 million.

19. Accounting Changes and Restatements

A. Primary Government

During fiscal year 2021, the State identified and corrected the following misstatements in the fiscal year 2020 financial statements:

- The Unemployment Compensation Fund overstated the amounts due from the Federal government and the related emergency compensation revenue;
- The Self-Insurance Fund overstated revenue;
- The General Fund understated Medicaid incurred but not reported (IBNR) claims expenditures;
- The General Fund understated Medicaid IBNR related federal reimbursement;
- The General Fund understated Medicaid expenditure.
- The CIP University System, a nonmajor governmental fund, reclassified previously reported due to component unit as fund balance.

The following table shows the changes to the beginning net position as of July 1, 2020, for the primary government (expressed in thousands):

	Governmental Activities	Business-type Activities
Net position at June 30, 2020, as previously reported	\$ 8,935,518	\$ 1,924,164
Overstatement in intergovernmental receivables	-	(65,495)
Overstated revenue	(7,532)	-
Medicaid incurred but not reported (IBNR) claims expenditures	(96,048)	-
Medicaid IBNR related federal reimbursement	83,859	-
Medicaid expenditures	(252,741)	-
Reclassification of due to component unit to fund balance	41,978	-
Net position at July 1, 2020, as restated	<u>\$ 8,705,034</u>	<u>1,858,669</u>

The following table shows the changes to the beginning fund balance/net position as of July 1, 2020, for the following funds (expressed in thousands):

	Major Governmental Funds	Nonmajor Governmental Funds	Major Enterprise Funds	Internal Service Funds
	General Fund	Unemployment Compensation	Internal Service Funds	Internal Service Funds
Fund balance/net position at June 30, 2020, as previously reported	\$ 804,793	\$ 988,527	\$ 1,036,741	\$ 17,625
Overstatement in intergovernmental receivables	-	-	(65,495)	-
Overstated revenue	-	-	-	(7,532)
Medicaid incurred but not reported (IBNR) claims expenditures	(96,048)	-	-	-
Medicaid IBNR related federal reimbursement	83,859	-	-	-
Medicaid expenditures	(252,741)	-	-	-
Reclassification of due to component unit to fund balance	-	41,978	-	-
Fund balance/net position at July 1, 2020, as restated	<u>\$ 539,863</u>	<u>\$ 1,030,505</u>	<u>\$ 971,246</u>	<u>\$ 10,093</u>

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Notes to the Financial Statements

For the Year Ended June 30, 2021

B. Discretely Presented Component Units

The Nevada System of Higher Education's (NSHE) beginning net position has been restated to properly reflect recognition of payments from the State of Nevada for construction of NSHE's capital improvement projects. The State of Nevada Legislature authorizes appropriations and the issuance of general obligation bonds for construction of NSHE capital improvements, to be carried out by the State Public Works Board. NSHE has recognized revenue for the appropriations and authorization for issuance of general obligation bonds upon the effective date of the legislative bill, whereas the State, as the provider and in accordance with GASB 33, recognizes the expense when all timing requirements have been met and control transferred, which is as the asset is constructed. The result is that revenue and expense recognition has not been symmetrical between NSHE and the State, and a prior period adjustment has been made by the State to NSHE's beginning net position in the amount of a negative \$158,403,801. This prior period adjustment results in symmetrical reporting between NSHE and the State.

The following table shows the change to the beginning net position as of July 1, 2020 for NSHE (expressed in thousands):

	<u>Nevada System of Higher Education</u>
Net position at June 30, 2020 as previously reported	\$ 2,628,396
Overstatement of payments from the State for capital improvement projects	<u>(158,404)</u>
Net position at July 1, 2020 as restated	<u><u>2,469,992</u></u>

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

For the Fiscal Year Ended June 30, 2021

	General Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
Sources of Financial Resources				
Fund balances, July 1	\$ 1,929,183,134	\$ 1,929,183,134	\$ 1,929,183,134	\$ -
<i>Revenues:</i>				
Sales taxes	1,411,267,000	1,293,401,000	1,380,573,064	87,172,064
Gaming taxes, fees, licenses	957,479,200	672,772,704	732,881,318	60,108,614
Intergovernmental	4,817,434,569	9,909,420,463	8,217,582,936	(1,691,837,527)
Other taxes	2,485,503,916	2,723,275,113	2,654,482,894	(68,792,219)
Sales, charges for services	304,383,779	304,396,934	271,577,775	(32,819,159)
Licenses, fees and permits	781,752,862	826,620,623	818,244,660	(8,375,963)
Interest	25,629,442	18,708,891	12,054,538	(6,654,353)
Other	185,222,198	260,385,947	228,869,711	(31,516,236)
<i>Other financing sources:</i>				
Proceeds from sale of bonds	3,001,694	3,001,694	3,001,694	-
Transfers	1,167,166,156	2,292,871,547	1,417,133,420	(875,738,127)
Reversions from other funds	-	-	2,493,787	2,493,787
Total sources of financial resources	14,068,023,950	20,234,038,050	17,668,078,931	(2,565,959,119)
Uses of Financial Resources				
<i>Expenditures and encumbrances:</i>				
Elected officials	945,910,217	4,014,994,624	926,453,388	3,088,541,236
Legislative and judicial	154,754,825	179,803,720	112,937,439	66,866,281
Finance and administration	108,865,528	136,167,279	81,425,730	54,741,549
Education - K to 12	2,762,708,586	3,549,912,563	2,520,427,114	1,029,485,449
Education - higher education	1,072,894,955	955,346,102	938,944,998	16,401,104
Human services	6,533,409,725	7,718,185,702	6,560,923,290	1,157,262,412
Commerce and industry	482,669,736	885,290,555	471,363,716	413,926,839
Public safety	586,909,945	877,922,431	634,045,154	243,877,277
Motor vehicles	-	-	-	-
Infrastructure	385,537,358	497,572,340	207,772,546	289,799,794
Special purpose agencies	155,678,647	203,007,665	160,833,555	42,174,110
<i>Other financing uses:</i>				
Transfers to other funds	38,111,008	173,434,929	173,434,929	-
Reversions to other funds	-	-	6,248,268	(6,248,268)
Projected reversions	(64,000,000)	(64,000,000)	-	(64,000,000)
Total uses of financial resources	13,163,450,530	19,127,637,910	12,794,810,127	6,332,827,783
Fund balances, June 30	\$ 904,573,420	\$ 1,106,400,140	\$ 4,873,268,804	\$ 3,766,868,664

(continued)

State Highway			
Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 477,903,964	\$ 477,903,964	\$ 477,903,964	\$ -
-	-	-	-
-	-	-	-
370,520,507	396,653,597	288,960,879	(107,692,718)
391,570,437	383,596,359	392,754,004	9,157,645
20,868,478	22,163,478	21,895,474	(268,004)
222,067,897	237,416,888	235,520,987	(1,895,901)
6,643,865	7,720,740	3,766,320	(3,954,420)
42,702,594	45,275,076	41,601,931	(3,673,145)
160,000,000	160,000,000	160,008,694	8,694
9,443,060	78,233,723	80,125,030	1,891,307
-	-	-	-
<u>1,701,720,802</u>	<u>1,808,963,825</u>	<u>1,702,537,283</u>	<u>(106,426,542)</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
99,820,561	139,173,993	110,496,514	28,677,479
151,736,129	193,498,358	132,098,489	61,399,869
1,101,202,846	1,240,832,159	846,870,036	393,962,123
-	-	-	-
92,023,491	92,023,491	92,023,491	-
-	-	431,358	(431,358)
(69,386,573)	(96,386,573)	-	(96,386,573)
<u>1,375,396,454</u>	<u>1,569,141,428</u>	<u>1,181,919,888</u>	<u>387,221,540</u>
<u>\$ 326,324,348</u>	<u>\$ 239,822,397</u>	<u>\$ 520,617,395</u>	<u>\$ 280,794,998</u>

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2021

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 18th are reported instead of the amounts disclosed in the original budget. The August 18, 2021 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, 2021 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>
Fund balances (budgetary basis) June 30, 2021	\$ 4,873,269	\$ 520,617
Adjustments:		
<i>Basis differences:</i>		
Petty cash or outside bank accounts	4,163	212
Accrual of certain other receivables	530,118	643
Inventory	101,798	22,706
Advances to other funds	53,974	3,470
Accrual of certain accounts payable and other liabilities	(692,807)	(9,818)
Unearned revenues	(3,223,854)	-
Deferred inflows - unavailable	(257,493)	-
Encumbrances	3,027	7,855
Other	(2,242)	6,106
<i>Perspective differences:</i>		
Special revenue fund reclassified to General Fund for GAAP purposes	31,076	-
Fund balances (GAAP basis) June 30, 2021	<u>\$ 1,421,029</u>	<u>\$ 551,791</u>

Total fund balance on the budgetary basis in the General Fund at June 30, 2021, 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)	\$ 4,873,269
Restricted funds	<u>(3,839,579)</u>
Unrestricted fund balance (budgetary basis)	<u>\$ 1,033,690</u>

Required Supplementary Information

For the Fiscal Year Ended June 30, 2021

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):

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

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

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutorily required contributions	\$ 175,570	\$ 176,300	\$ 161,627	\$ 153,762	\$ 151,492	\$ 190,528	\$ 176,579	\$ 174,712	\$ 162,484	\$ 163,219
Contributions in relation to the statutorily required contribution	\$ 175,570	\$ 176,300	\$ 161,627	\$ 153,762	\$ 151,492	\$ 190,528	\$ 176,579	\$ 174,712	\$ 162,484	\$ 163,219
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,085,098	\$ 1,092,368	\$ 1,049,306	\$ 997,840	\$ 984,131	\$ 906,687	\$ 874,098	\$ 872,316	\$ 855,179	\$ 859,047
Contributions as a percentage of covered payroll	16 %	16 %	15 %	15 %	15 %	21 %	20 %	20 %	19 %	19 %

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

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

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

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

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

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

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

Required Supplementary Information

For the Fiscal Year Ended June 30, 2021

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):

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

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

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

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

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

B. Single-employer Plan

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

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

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

Required Supplementary Information

For the Fiscal Year Ended June 30, 2021

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

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

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

C. Agent Multiple-employer Plan

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

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

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

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

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

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

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

Required Supplementary Information

For the Fiscal Year Ended June 30, 2021

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):

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

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

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

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

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

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

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

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

	2021	2020	2019	2018
NSHE's proportion of the collective net OPEB liability	40.35 %	40.85 %	39.13 %	37.59 %
NSHE's proportionate share of the collective net OPEB liability	\$ 606,769	\$ 569,268	\$ 518,254	\$ 489,754
NSHE's covered payroll	\$ 744,695	\$ 757,182	\$ 711,803	\$ 625,454
NSHE's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	81.48 %	75.18 %	72.81 %	78.30 %
Plan fiduciary net position as a percentage of the total OPEB liability	(0.38)%	0.02 %	0.12 %	0.11 %

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

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

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

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

Required Supplementary Information

For the Fiscal Year Ended June 30, 2021

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2017</u>
CRC's proportion of the collective net OPEB liability	0.16 %	0.16 %	0.17 %	0.17 %
CRC's proportionate share of the collective net OPEB liability	\$ 2,376	\$ 2,267	\$ 2,218	\$ 2,261
CRC's covered payroll	\$ 2,881	\$ 3,105	\$ 3,167	\$ 2,891
CRC's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	82.49 %	73.01 %	70.04 %	78.22 %
Plan fiduciary net position as a percentage of the total OPEB liability	(0.38)%	0.02 %	0.12 %	0.11 %

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 69	\$ 73	\$ 52	\$ 68
Contributions in relation to the contractually required contribution	\$ 63	\$ 73	\$ 69	\$ 66
Contribution (deficiency) excess	\$ -	\$ -	\$ 17	\$ (2)
CRC's covered payroll	\$ 2,881	\$ 3,105	\$ 3,167	\$ 2,750
Contributions as a percentage of covered payroll	2.41 %	2.34 %	1.65 %	2.48 %

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

Notes to Required Supplementary Information - In fiscal year 2020, the discount rate used to measure the total OPEB liability decreased from 3.87% to 2.21%.

Required Supplementary Information

For the Fiscal Year Ended June 30, 2021

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 95 or less					
	Category				
	I	II	III	IV	V
State Policy-minimum percentage	70%	65%	60%	40%	10%
Actual results of 2020 condition assessment	91%	86%	87%	54%	28%
Actual results of 2019 condition assessment	91%	86%	88%	57%	28%
Actual results of 2018 condition assessment	90%	88%	91%	58%	25%

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

Condition Level of the Bridges			
Percentage of substandard bridges			
	2021	2020	2018
State Policy-maximum percentage	7%	7%	10%
Actual results condition assessment	1%	1%	2%

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

Maintenance and Preservation Costs					
(Expressed in Thousands)					
	2021	2020	2019	2018	2017
Estimated	\$ 212,856	\$ 178,393	\$ 134,713	\$ 286,153	\$ 171,755
Actual	181,928	152,595	130,158	252,859	157,670

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, 2021, 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 June 10, 2022. Our report includes a reference to other auditors who audited the financial statements of the following, as described in our report on the State of Nevada's financial statements:

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

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

Our report qualifies the opinion on the government-wide governmental activities, general fund, and the highway fund because the State was unable to determine an amount that should have been recorded for donated personal protective equipment inventory at the beginning of the year or stockpile inventory at both the beginning and end of the year.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Findings 2021-001 through 2021-008 and 2021-010 through 2021-017 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2021-009 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Nevada's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The State of Nevada's Response to Findings

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

Purpose of this Report

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

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

Reno, Nevada
June 10, 2022



**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, 2021. 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 \$722,851,760 in federal awards which is not included in the State’s schedule of expenditures of federal awards for the year ended June 30, 2021. Our audit, described below, did not include the operations of the Nevada System of Higher Education because the Nevada System of Higher Education engaged other auditors to perform an audit in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the compliance for each of the State’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance

require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the State’s compliance.

Basis for Qualified Opinion on Child Nutrition Cluster, Unemployment Insurance, Coronavirus Relief Fund, Emergency Rental Assistance Program, Title I Grants to Local Educational Agencies, Education Stabilization Fund, Low-Income Home Energy Assistance, CCDF Cluster, Foster Care – Title IV-E, Medicaid Cluster, and Presidential Declared Disaster Assistance to Individuals and Households – Other Needs

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

Finding #	Assistance Listing #	Program (or Cluster) Name	Compliance Requirement
2021-021	10.553/10.555/ 10.556/10.559/ 10.579	Child Nutrition Cluster	Cash Management
2021-025	17.225/97.050	Unemployment Insurance and Presidential Declared Disaster Assistance to Individuals and Households – Other Needs	Eligibility
2021-030	21.019	Coronavirus Relief Fund	Reporting
2021-031	21.019	Coronavirus Relief Fund	Subrecipient Monitoring
2021-032	21.023	Emergency Rental Assistance Program	Procurement, Suspension, and Debarment
2021-034	21.023	Emergency Rental Assistance Program	Reporting
2021-035	21.023	Emergency Rental Assistance Program	Subrecipient Monitoring
2021-036	84.010	Title I Grants to Local Educational Agencies	Reporting
2021-038	84.425	Education Stabilization Fund	Reporting
2021-039	84.425	Education Stabilization Fund	Reporting
2021-049	93.568	Low-Income Home Energy Assistance	Reporting
2021-050	93.568	Low-Income Home Energy Assistance	Reporting
2021-051	93.568	Low-Income Home Energy Assistance	Subrecipient Monitoring
2021-052	93.575/93.596	CCDF Cluster	Subrecipient Monitoring
2021-055	93.658	Foster Care – Title IV-E	Reporting
2021-061	93.775/93.777/ 93.778	Medicaid Cluster	Reporting
2021-063	97.050	Presidential Declared Disaster Assistance to Individuals and Households – Other Needs	Reporting

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

Qualified Opinion on Child Nutrition Cluster, Unemployment Insurance, Coronavirus Relief Fund, Emergency Rental Assistance Program, Title I Grants to Local Educational Agencies, Education Stabilization Fund, Low-Income Home Energy Assistance, CCDF Cluster, Foster Care – Title IV-E, Medicaid Cluster, and Presidential Declared Disaster Assistance to Individuals and Households – Other Needs

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 Child Nutrition Cluster, Unemployment Insurance, Coronavirus Relief Fund, Emergency Rental Assistance Program, Title I Grants to Local Educational Agencies, Education Stabilization Fund, Low-Income Home Energy Assistance, CCDF Cluster, Foster Care – Title IV-E, Medicaid Cluster, and Presidential Declared Disaster Assistance to Individuals and Households – Other Needs for the year ended June 30, 2021.

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, 2021.

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 2021-020 and 2021-060. Our opinion on each federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as findings 2021-020 through 2021-023, 2021-025, 2021-028 through 2021-032, 2021-034 through 2021-036, 2021-038 through 2021-040, 2021-047, 2021-049 through 2021-052, and 2021-055 through 2021-063 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 2021-018, 2021-019, 2021-024, 2021-026, 2021-027, 2021-033, 2021-037, 2021-041 through 2021-046, 2021-048, 2021-053, and 2021-054 to be significant deficiencies.

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nevada as of and for the year ended June 30, 2021, and have issued our report thereon dated June 10, 2022, which contained qualified and unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Eide Bailly LLP

Reno, Nevada
July 26, 2022

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ 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 2013	\$ 116,575	\$ 116,575
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2014	39,573	39,573
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2015	237,311	-
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2016 LWCF	217,493	-
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2018 LWCF	143	-
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2019 LWCF	1,577,281	-
Outdoor Recreation_Acquisition, Development and Planning	15.916	FFY 2020 LWCF	16,824	-
Total Research and Development CLUSTER			2,205,200	156,148
Total Department of the Interior			2,205,200	156,148
Department of Justice				
Research and Development CLUSTER				
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2016-CK-BX-0007	103,942	24,200
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2016-CK-BX-0007-0875-DPS	176,643	-
Total Research and Development CLUSTER			280,585	24,200
Total Department of Justice			280,585	24,200
Environmental Protection Agency				
Research and Development CLUSTER				
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	PM 98T04301	83,355	-
Regional Wetland Program Development Grants	66.461	99T93201	184,519	170,427
Total Research and Development CLUSTER			267,874	170,427
Total Environmental Protection Agency			267,874	170,427
Department of Health and Human Services				
Research and Development CLUSTER				
Passed Through Association of Food and Drug Officials Food and Drug Administration Research	93.103	G-SP-1910-07797	2,500	-
Food and Drug Administration Research	93.103	5U18FD005892-04	258,997	156,989
Passed Through National Association of County and City Health Officials				
COVID-19 Food and Drug Administration Research	93.103	5U5OFD005933-05	5,500	-
			266,997	156,989
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130	5 U68HP11441-12-00	117,913	-

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130	5 U68HP11441-13-00	33,948	-
			151,861	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	1 NU17CE925001-01-00	694,166	515,914
Injury Prevention and Control Research and State and Community Based Programs	93.136	1 NU17CE925001-02-00	3,041,557	1,512,778
Injury Prevention and Control Research and State and Community Based Programs	93.136	5 NU17CE924856-04	83,517	82,947
Injury Prevention and Control Research and State and Community Based Programs	93.136	5 NU17CE924856-05	152,810	105,681
Injury Prevention and Control Research and State and Community Based Programs	93.136	5 NUF2CE002475-03-00	51,950	31,497
Injury Prevention and Control Research and State and Community Based Programs	93.136	6 NUF2CE002475-02-01	291,615	216,790
COVID-19 Injury Prevention and Control Research and State and Community Based Programs	93.136	6 NUF2CE002475-02-02C	26,388	26,388
			4,342,003	2,491,995
Total Research and Development CLUSTER			4,760,861	2,648,984
Total Department of Health and Human Services			4,760,861	2,648,984
Grand Total Research and Development CLUSTER			7,514,520	2,999,759
Department of Agriculture				
Child Nutrition CLUSTER				
School Breakfast Program	10.553	7NV300AG3/202120N109947	2,009,877	1,903,467
COVID-19 School Breakfast Program	10.553	7NV300AG9/202020N850347	777,363	741,060
			2,787,240	2,644,527
National School Lunch Program	10.555	7NV300AG3/202120N109947	5,507,634	5,321,800
National School Lunch Program	10.555	National School Lunch Program Commodities	3,502,212	3,502,212
COVID-19 National School Lunch Program	10.555	7NV300AG9/202020N850347	1,464,148	1,401,584
			10,473,994	10,225,596
Special Milk Program for Children	10.556	7NV300AG3/202020N109947	2,714	2,714
Special Milk Program for Children	10.556	7NV300AG3/202120N109947	7,998	7,998
			10,712	10,712
Summer Food Service Program for Children	10.559	7NV300AG3/202020N109947	26,828	-
Summer Food Service Program for Children	10.559	7NV300AG3/202120N109947	89,861,339	89,792,887
Summer Food Service Program for Children	10.559	Summer Food Service Program Commodities	505	505
COVID-19 Summer Food Service Program for Children	10.559	7NV300AG9/202020N850347	17,894,898	17,894,898
			107,783,570	107,688,290
Child Nutrition Discretionary Grants Limited Availability	10.579	7NV300AG7-201919N810347	231,725	221,009

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Child Nutrition Discretionary Grants Limited Availability	10.579	7NV300AG7-202020N810347	54,609	50,445
Child Nutrition Discretionary Grants Limited Availability	10.579	8NV310159/201918L180330	620,387	-
			906,721	271,454
Total Child Nutrition CLUSTER			121,962,237	120,840,579
Food Distribution CLUSTER				
Commodity Supplemental Food Program	10.565	217NVAG1Y8005	1,616,789	1,616,789
Commodity Supplemental Food Program	10.565	7NV810AG1/202020Y800547	164,060	149,430
Commodity Supplemental Food Program	10.565	7NV810AG1/202121Y800547	351,509	281,934
			2,132,358	2,048,153
Emergency Food Assistance Program (Administrative Costs)	10.568	7NV430NV2/202020Q220447	143,105	143,105
Emergency Food Assistance Program (Administrative Costs)	10.568	7NV810AG8/202020Y810547	163,958	155,140
Emergency Food Assistance Program (Administrative Costs)	10.568	7NV810AG8/202121Y810547	288,881	280,052
COVID-19 Emergency Food Assistance Program (Administrative Costs)	10.568	217NVAG8Y8105	2,928,389	2,928,389
COVID-19 Emergency Food Assistance Program (Administrative Costs)	10.568	217NVAG8Y8105-2	3,439,288	3,439,288
COVID-19 Emergency Food Assistance Program (Administrative Costs)	10.568	7NV810NV4/202020Y870347	77,460	77,460
COVID-19 Emergency Food Assistance Program (Administrative Costs)	10.568	7NV810NV6-202020Y873247	632,063	632,063
			7,673,144	7,655,497
Emergency Food Assistance Program (Food Commodities)	10.569	217NVAG8Y8105	14,156,536	14,156,536
Total Food Distribution CLUSTER			23,962,038	23,860,186
Forest Service Schools and Roads CLUSTER				
Schools and Roads_Grants to States	10.665	Schools and Roads Grants to States	2,834,947	2,834,947
Total Forest Service Schools and Roads CLUSTER			2,834,947	2,834,947
SNAP CLUSTER				
Supplemental Nutrition Assistance Program (SNAP)	10.551	SNAP	1,054,040,131	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	202020Q390347	3,076,154	2,941,952
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	202020Q750347	278,205	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	202121Q390347	1,714,662	1,447,740
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	202121Q750347	1,077,917	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	202121S901847	1,087,500	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	207NVNV4S2514 202020S251447	3,253,448	147,204

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	207NVNV4S2519 202020S251947	4,267	4,267
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	207NVNV4S2520 202020S252047	843	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	217NVNV4S2514 202121S251447	756,337	601,714
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	217NVNV4S2519 202121S251947	10,321	10,321
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	217NVNV4S2520 202121S252047	14,399,123	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FOODNUTRITION SNAP BONUS	49,938	-
			25,708,715	5,153,198
Total SNAP CLUSTER			1,079,748,846	5,153,198
Plant and Animal Disease, Pest Control, and Animal Care	10.025	04-8576-0836-CA	165,138	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C146	1,323	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C342	22	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C345	5,865	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C347	7,935	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C348	5,888	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C349	19,384	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C351	4,813	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C372	7,939	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C377	866	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C379	640	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C381	1,784	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C409	4,862	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C413	4,956	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C414	6,738	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQFO000C046	361	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQFO000C058	3,011	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQFO000C062	43,695	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQFO000C076	1,330	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQFO000C077	5,452	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQFO000C335	2,535	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQFO000C339	3,568	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQFO000C340	1,079	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQFO000C342	4,766	-

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQFO000C348	251	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQFO000C349	2,192	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQFO000C363	1,334	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQFO000C374	1,740	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQFO000C421	25,411	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20VSSPRS00C101	35,473	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20VSSPRS00C102	23,798	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP21PPQFO000C160	4,832	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP21VSSPRS00C099	6,315	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP21VSSPRS00C101	1,626	-
			406,922	-
Market Protection and Promotion	10.163	12-25-A-5433	7,362	-
Market Protection and Promotion	10.163	21-COOLX-NV-0026	909	-
			8,271	-
Specialty Crop Block Grant Program - Farm Bill	10.170	AM170100XXXXG038	12,514	11,625
Specialty Crop Block Grant Program - Farm Bill	10.170	AM180100XXXXG027	35,527	32,234
Specialty Crop Block Grant Program - Farm Bill	10.170	AM190100XXXXG022	76,181	67,842
Specialty Crop Block Grant Program - Farm Bill	10.170	AM200100XXXXG022	4,357	3,632
			128,579	115,333
Trade Mitigation Program Eligible Recipient Agency Operational Funds	10.178	TEFAP COMMODITIES	7,009,105	7,009,105
Passed Through UC Davis Homeland Security Agricultural	10.304	2016-37620-25851	89,793	-
Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants	10.537	8NV400001 201717S807321	26,072	-
COVID-19 Pandemic EBT Food Benefits	10.542	PANDEMIC EBT	96,312,021	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	202020W100347	6,503,144	5,844,304
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	202020W100647	5,962,876	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	202121W100347	7,749,446	5,819,371
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	202121W100647	13,334,668	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	7NV700NV1-20195347	204,472	204,472
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	7NV700NV1-20205347	312,099	312,099

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	WIC NON-FED PROGRAM INCOME	15,706	15,622
COVID-19 WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	202121W700347	639,002	-
COVID-19 WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	202120W600347	1,410,294	1,410,294
COVID-19 WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	202120W600647	2,536,458	-
			38,668,165	13,606,162
Child and Adult Care Food Program	10.558	7NV300AG3/202020N109947	48,416	11,239
Child and Adult Care Food Program	10.558	7NV300AG3/202020N202047	67,600	67,600
Child and Adult Care Food Program	10.558	7NV300AG3/202120N202047	186,697	186,697
Child and Adult Care Food Program	10.558	7NV300AG4/202020N105047	35,648	35,648
Child and Adult Care Food Program	10.558	7NV300AG4/202120N105047	71,311	71,311
Child and Adult Care Food Program	10.558	7NV300AG4/202121N115047	3,881,152	3,800,071
Child and Adult Care Food Program	10.558	Child & Adult Food Care Program Commodities	100,347	100,347
COVID-19 Child and Adult Care Food Program	10.558	7NV300AG9/202020N850347	1,381,225	1,381,225
			5,772,396	5,654,138
State Administrative Expenses for Child Nutrition	10.560	7NV300AG2/201919N253347	1,225,467	-
State Administrative Expenses for Child Nutrition	10.560	7NV300AG2/202020N253347	1,102,608	-
State Administrative Expenses for Child Nutrition	10.560	7NV300AG2/202121N253347	996,917	-
			3,324,992	-
Food Distribution Program on Indian Reservations	10.567	217NVAG4Q5206	422,759	422,759
Food Distribution Program on Indian Reservations	10.567	7NV430AG4/202020Q520647	82,795	-
Food Distribution Program on Indian Reservations	10.567	7NV430AG4/202020Q520847	981	-
Food Distribution Program on Indian Reservations	10.567	7NV430AG4/202121Q520647	163,672	-
COVID-19 Food Distribution Program on Indian Reservations	10.567	FDPIR-CARES-20-AG-01	8,874	-
			679,081	422,759
WIC Farmers' Market Nutrition Program (FMNP)	10.572	7NV810NV7-202020Y860447	18,398	2,256
WIC Farmers' Market Nutrition Program (FMNP)	10.572	7NV810NV7-202020Y860747	25,195	25,195
WIC Farmers' Market Nutrition Program (FMNP)	10.572	7NV810NV7-202121Y860447	28,618	-
WIC Farmers' Market Nutrition Program (FMNP)	10.572	7NV810NV7-202121Y860747	2,845	-
			75,056	27,451
Farm to School Grant Program	10.575	CN-F2S-FY20-SA-NV-01	4,441	-
Senior Farmers Market Nutrition Program	10.576	217NVAG2Y8314/202121Y831447	9,384	-
Senior Farmers Market Nutrition Program	10.576	7NV810AG2/202020Y831347	57,441	57,441

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Senior Farmers Market Nutrition Program	10.576	7NV810AG2/202020Y831447	3,215	-
			70,040	57,441
Supplemental Nutrition Assistance Program Process and Technology Improvement Grants	10.580	201919S603121	776,000	-
Fresh Fruit and Vegetable Program	10.582	7NV310AG1/202019L160347	18,421	18,280
Fresh Fruit and Vegetable Program	10.582	7NV310AG1/202120L160347	183,266	183,266
			201,687	201,546
Cooperative Forestry Assistance	10.664	15-DG-11046000-611	68,473	19,760
Cooperative Forestry Assistance	10.664	16-DG-11046000-606	204,908	3,825
Cooperative Forestry Assistance	10.664	16-DG-11046000-609	52,874	12,831
Cooperative Forestry Assistance	10.664	16-DG-11046000-613	92,416	5,000
Cooperative Forestry Assistance	10.664	17-DG-11046000-608	88,780	63,500
Cooperative Forestry Assistance	10.664	17-DG-11046000-611	201,649	4,670
Cooperative Forestry Assistance	10.664	18-DG-11046000-614	330,894	6,421
Cooperative Forestry Assistance	10.664	18-DG-11046000-617	67,942	35,082
Cooperative Forestry Assistance	10.664	19-DG-11046000-610	72,766	-
Cooperative Forestry Assistance	10.664	19-DG-11046000-612	195,252	2,731
Cooperative Forestry Assistance	10.664	19-DG-11046000-618	92,420	92,420
Cooperative Forestry Assistance	10.664	20-DG-11046000-606	3,627	-
Cooperative Forestry Assistance	10.664	20-DG-11046000-620	147,001	-
			1,619,002	246,240
Forest Legacy Program	10.676	17-DG-11046000-600	6,417	-
Forest Legacy Program	10.676	18-DG-11046000-605	1,536	-
			7,953	-
Forest Health Protection	10.680	16-DG-11046000-610	2	-
Forest Health Protection	10.680	17-DG-11046000-601	57,546	57,546
Forest Health Protection	10.680	17-DG-11046000-614	27,198	27,198
Forest Health Protection	10.680	18-DG-11046000-611	15,060	15,060
Forest Health Protection	10.680	19-DG-11046000-603	6,346	-
Forest Health Protection	10.680	20-DG-11046000-618	5,393	-
			111,545	99,804
Good Neighbor Authority	10.691	17-GN-11041730-025	44,600	44,600
Watershed Restoration and Enhancement Agreement Authority	10.693	20-PA-11051900-027	21,999	-
State & Private Forestry Hazardous Fuel Reduction Program	10.697	18-DG-11046000-606	32,036	-

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
State & Private Forestry Hazardous Fuel Reduction Program	10.697	20-DG-11046000-611	645	-
			32,681	-
Cooperative Fire Protection Agreement	10.703	20-FP-10041700-017	34,745	-
Technical Assistance and Training Grants	10.761	000C2510G164024	31,091	-
Soil and Water Conservation	10.902	NR199327XXXXC002	37,014	-
Total Department of Agriculture			1,384,001,319	180,173,489
Department of Commerce				
State and Local Implementation Grant Program	11.549	32-10-S18032	66,431	-
Total Department of Commerce			66,431	-
Department of Defense				
Procurement Technical Assistance for Business Firms	12.002	SP4800-19-2-1924	14,104	-
Procurement Technical Assistance for Business Firms	12.002	SP4800-20-2-2024	422,130	-
			436,234	-
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113	W912DY-20-2-0230	348,040	-
Military Construction, National Guard	12.400	W9124X-16-2-2001	1,173,362	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1001	4,882,525	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1002	18,755	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1003	328,795	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-16-2-1004	103	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1001	4,121,065	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1002	219,555	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1003	358,815	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1004	147,926	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1005	177,366	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1007	1,099	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1010	30,152	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1011	24,225	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1014	49,201	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1021	297,204	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1023	208,590	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1024	479,858	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1040	124,636	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-20-2-1041	117,746	-

STATE OF NEVADA
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Federal Grantor / Pass-Through Grantor Program Title	Federal Financial		Expenditures	Payments to Subrecipients
	Assistance Listing/ CFDA Number	Award or Pass- Through Number		
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-21-2-1001	3,266,480	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-21-2-1002	207,904	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-21-2-1003	1,269,628	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-21-2-1004	94,687	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-21-2-1005	467,772	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-21-2-1007	37,850	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-21-2-1010	84,977	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-21-2-1011	69,909	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-21-2-1014	51,964	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-21-2-1021	980,553	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-21-2-1023	749,962	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-21-2-1024	1,197,543	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-21-2-1040	146,866	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	W9124X-21-2-1041	293,579	-
			20,507,290	-
National Guard ChalleNGe Program	12.404	W9124X-19-2-4001	2,771,320	-
Total Department of Defense			25,236,246	-
Department of Housing and Urban Development				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-08-MN-32-0001	1,312,423	1,311,894
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-11-DN-32-0001	176	-
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-15-DC-32-0001	12,677	12,677
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-16-DC-32-0001	459,705	459,705
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-17-DC-32-0001	379,998	369,569
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-18-DC-32-0001	656,575	649,806
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-19-DC-32-0001	657,598	657,598
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-20-DC-32-001	405,058	244,187
COVID-19 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	CDBG-CV20	141,854	141,854
			4,026,064	3,847,290
Emergency Solutions Grants Program	14.231	E-18-DC-32-0001	4,159	4,159
Emergency Solutions Grants Program	14.231	E-19-DC-32-0001	125,675	125,675

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Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Emergency Solutions Grants Program	14.231	E20-DC-32-0001	346,891	327,774
COVID-19 Emergency Solutions Grant Program	14.231	E-20-DW-32-0001	15,365	-
			492,090	457,608
Home Investment Partnerships Program	14.239	M15-SG320100	10,000	10,000
Home Investment Partnerships Program	14.239	M16-SG320100	144,241	107,423
Home Investment Partnerships Program	14.239	M17-SG320100	1,042,641	745,079
Home Investment Partnerships Program	14.239	M18-SG320100	802,309	802,309
Home Investment Partnerships Program	14.239	M19-SG320100	523,927	523,927
			2,523,118	2,188,738
Housing Opportunities for Persons with AIDS	14.241	NVH17-F999	1,033	-
Housing Opportunities for Persons with AIDS	14.241	NVH18-F999	2,903	-
Housing Opportunities for Persons with AIDS	14.241	NVH19-F999	29,954	29,954
Housing Opportunities for Persons with AIDS	14.241	NVH20-F999	273,618	273,618
COVID-19 Housing Opportunities for Persons with AIDS	14.241	NVH20-FHW999	49,475	49,475
			356,983	353,047
Continuum of Care Program	14.267	NV0005L9T001811	53,725	-
Continuum of Care Program	14.267	NV0018L9T011912	174,270	-
Continuum of Care Program	14.267	NV0023L9T021810	46,158	41,825
Continuum of Care Program	14.267	NV0023L9T021911	82,579	82,579
Continuum of Care Program	14.267	NV005L9T001912	36,424	-
Continuum of Care Program	14.267	NV0132L9T021800	9,443	-
Continuum of Care Program	14.267	NV0140L9T021900	10,514	-
			413,113	124,404
Housing Trust Fund	14.275	F16-SG320100	95,875	10,000
Housing Trust Fund	14.275	F17-SG320100	301,637	295,005
Housing Trust Fund	14.275	F18-SG320100	900,000	900,000
Housing Trust Fund	14.275	F19-SG320100	2,690,000	2,690,000
Housing Trust Fund	14.275	F20-SG320100	500,000	500,000
			4,487,512	4,395,005
Total Department of Housing and Urban Development			12,298,880	11,366,092
Department of the Interior				
Fish and Wildlife CLUSTER				
Sport Fish Restoration	15.605	F14AF01085	268,604	-
Sport Fish Restoration	15.605	F15AF00465	700,000	-
Sport Fish Restoration	15.605	F17AF00003	148,469	148,469

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Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Sport Fish Restoration	15.605	F18AF01067	270,169	-
Sport Fish Restoration	15.605	F18AF01174	33,379	-
Sport Fish Restoration	15.605	F20AF11038	42,974	37,906
Sport Fish Restoration	15.605	F20AF11039	26,397	-
Sport Fish Restoration	15.605	F20AF11042	82,440	-
Sport Fish Restoration	15.605	F20AF11650	278,293	-
Sport Fish Restoration	15.605	F20AF11847	1,415,911	-
Sport Fish Restoration	15.605	F20AF11848	352,465	10,000
Sport Fish Restoration	15.605	F20AF11849	1,225,219	-
			4,844,320	196,375
Wildlife Restoration and Basic Hunter Education	15.611	F17AF00623	181,891	-
Wildlife Restoration and Basic Hunter Education	15.611	F17AF01025	92,727	92,727
Wildlife Restoration and Basic Hunter Education	15.611	F18AF00569	198,415	198,415
Wildlife Restoration and Basic Hunter Education	15.611	F19AF00353	51,539	51,539
Wildlife Restoration and Basic Hunter Education	15.611	F19AF00357	255,453	255,453
Wildlife Restoration and Basic Hunter Education	15.611	F19AF00359	70,566	70,566
Wildlife Restoration and Basic Hunter Education	15.611	F19AF00384	270,523	270,523
Wildlife Restoration and Basic Hunter Education	15.611	F19AF00385	134,185	134,185
Wildlife Restoration and Basic Hunter Education	15.611	F19AF00799	92,801	92,801
Wildlife Restoration and Basic Hunter Education	15.611	F20AF11032	227,278	-
Wildlife Restoration and Basic Hunter Education	15.611	F20AF11033	538,013	206,418
Wildlife Restoration and Basic Hunter Education	15.611	F20AF11034	195,596	-
Wildlife Restoration and Basic Hunter Education	15.611	F20AF11035	901,767	-
Wildlife Restoration and Basic Hunter Education	15.611	F20AF11036	4,161,081	310,483
Wildlife Restoration and Basic Hunter Education	15.611	F20AF11037	22,903	22,903
Wildlife Restoration and Basic Hunter Education	15.611	F20AF11038	816,515	-
Wildlife Restoration and Basic Hunter Education	15.611	F20AF11039	49,628	-
Wildlife Restoration and Basic Hunter Education	15.611	F20AF11077	753,396	-
Wildlife Restoration and Basic Hunter Education	15.611	F20AF11240	326,047	-
Wildlife Restoration and Basic Hunter Education	15.611	F20AF11241	37,931	37,931
Wildlife Restoration and Basic Hunter Education	15.611	F20AF11650	1,314,686	-
Wildlife Restoration and Basic Hunter Education	15.611	F20AF12115	1,614,748	181,482
			12,307,689	1,925,426
Enhanced Hunter Education and Safety Program	15.626	F20AF11031	80,240	-
Total Fish and Wildlife CLUSTER			17,232,249	2,121,801

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Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Cultural and Paleontological Resources Management	15.224	L18AC00015	32,232	-
Distribution of Receipts to State and Local Governments	15.227	TAYLOR GRAZING	238,756	238,756
BLM Fuels Management and Community Fire Assistance Program Activities	15.228	L17AC00117	76,780	-
Fish, Wildlife and Plant Conservation Resource Management	15.231	L15AC00070	200,694	104,215
Fish, Wildlife and Plant Conservation Resource Management	15.231	L15AC00076	103,450	96,150
Fish, Wildlife and Plant Conservation Resource Management	15.231	L15AC00077	2,142	630
Fish, Wildlife and Plant Conservation Resource Management	15.231	L15AC00078	21,535	21,535
Fish, Wildlife and Plant Conservation Resource Management	15.231	L17AC00384	66,111	-
			393,932	222,530
Southern Nevada Public Land Management	15.235	L16AC00040	1,900	-
Southern Nevada Public Land Management	15.235	L17AC00066	227,653	-
			229,553	-
Environmental Quality and Protection	15.236	L16AC00066	202,473	-
Plant Conservation and Restoration Management	15.245	L15AC00070	290,924	18,558
Plant Conservation and Restoration Management	15.245	L19AC00264	47,314	-
			338,238	18,558
Wildlife Resource Management	15.247	L15AC00077	71,694	26,521
Wildlife Resource Management	15.247	L19AC00035	137,196	131,407
			208,890	157,928
Providing Water to At-Risk Natural Desert Terminal Lakes	15.508	R13AP20030	53,354	-
Providing Water to At-Risk Natural Desert Terminal Lakes	15.508	R15AP00035	48,224	-
			101,578	-
Fish and Wildlife Coordination Act	15.517	R19AC00010	425,360	-
Fish and Wildlife Coordination Act	15.517	R20AP00268	18,948	-
Fish and Wildlife Coordination Act	15.517	R20AP00334	64,053	-
			508,361	-
Fish and Wildlife Management Assistance	15.608	F15AC00758	5,000	-
Fish and Wildlife Management Assistance	15.608	F17AC00701	21,058	15,163
Fish and Wildlife Management Assistance	15.608	F20AP00067	76,995	-
Fish and Wildlife Management Assistance	15.608	F20AP00186	5,864	-
Fish and Wildlife Management Assistance	15.608	F20AP12162	208	-
Fish and Wildlife Management Assistance	15.608	F20AP12165	12,920	-
			122,045	15,163

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Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Cooperative Endangered Species Conservation Fund	15.615	F18AP00714	2,565	-
Cooperative Endangered Species Conservation Fund	15.615	F19AP00402	14,111	-
Cooperative Endangered Species Conservation Fund	15.615	F19AP00405	17,957	-
Cooperative Endangered Species Conservation Fund	15.615	F19AP00406	2,034	2,034
Cooperative Endangered Species Conservation Fund	15.615	F19AP00407	26,909	-
Cooperative Endangered Species Conservation Fund	15.615	F19AP00409	6,361	-
Cooperative Endangered Species Conservation Fund	15.615	F21AP00104	183,439	-
Cooperative Endangered Species Conservation Fund	15.615	F21AP00105	31,806	-
Cooperative Endangered Species Conservation Fund	15.615	F21AP00106	16,922	-
Cooperative Endangered Species Conservation Fund	15.615	F21AP00108	13,407	-
Cooperative Endangered Species Conservation Fund	15.615	F21AP00360	64,742	-
			380,253	2,034
State Wildlife Grants	15.634	F18AP00884	76,655	76,655
State Wildlife Grants	15.634	F20AF11039	6,326	-
State Wildlife Grants	15.634	F20AF11040	405,623	-
State Wildlife Grants	15.634	F20AF11041	468,661	-
			957,265	76,655
National Wildlife Refuge System Enhancements	15.654	F20AC11124	44,441	-
Adaptive Science	15.670	F19AP00002	78,085	14,997
Adaptive Science	15.670	F20AP00115	106,619	-
			184,704	14,997
White-nose Syndrome National Response Implementation	15.684	F20AP12060	37,536	-
Historic Preservation Fund Grants-In-Aid	15.904	P19AF00007	136,241	50,118
Historic Preservation Fund Grants-In-Aid	15.904	P19AP00177	27,553	27,553
Historic Preservation Fund Grants-In-Aid	15.904	P20AF00033	397,314	1,600
Historic Preservation Fund Grants-In-Aid	15.904	P21AF11033	90,678	-
			651,786	79,271
Heritage Partnership	15.939	LG:17.01	14,899	-
Natural Resource Stewardship	15.944	P17AC01700	187,782	-
National Park Service Conservation, Protection, Outreach, and Education	15.954	P19AC00387	418,516	-
Water Use and Data Research	15.981	G19AC00328	35,149	-
Total Department of the Interior			22,597,418	2,947,693

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Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Department of Justice				
Sexual Assault Services Formula Program	16.017	2018-KF-AX-0034	31,940	31,940
Sexual Assault Services Formula Program	16.017	2019-KF-AX-0019	171,757	171,712
Sexual Assault Services Formula Program	16.017	2020-KF-AX-0029	312,831	291,965
			516,528	495,617
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0150	1,577,454	1,017,590
Community-Based Violence Prevention Program	16.123	2019-MU-FX-K001	274,351	265,694
Antiterrorism Emergency Reserve	16.321	2019-V7-GX-0001	2,613,787	1,896,352
Enhanced Training and Services to End Violence and Abuse of Women Later In Life	16.528	2016-EW-AX-K008	166,695	116,662
Juvenile Justice and Delinquency Prevention_Allocation to States	16.540	2017-JF-FX-0048	657	-
Juvenile Justice and Delinquency Prevention_Allocation to States	16.540	2018-JX-FX-0040	353,326	243,505
Juvenile Justice and Delinquency Prevention_Allocation to States	16.540	2019-JX-FX-0014	198,468	181,120
			552,451	424,625
National Criminal History Improvement Program (NCHIP)	16.554	2018-RU-BX-K032	400,638	-
National Criminal History Improvement Program (NCHIP)	16.554	2019-RU-BX-K017	55,540	-
National Criminal History Improvement Program (NCHIP)	16.554	2020-RU-BX-K023	172,019	-
			628,197	-
Crime Victim Assistance	16.575	2017-V2-GX-0085	2,400,561	2,400,561
Crime Victim Assistance	16.575	2018-V2-GX-0076	19,044,111	18,153,665
			21,444,672	20,554,226
Crime Victim Compensation	16.576	2020-V1-GX-0042	2,252,000	-
Crime Victim Assistance/Discretionary Grants	16.582	2019-V3-GX-0143	17,005	-
Violence Against Women Formula Grants	16.588	2018-WF-AX-0004	143,000	143,000
Violence Against Women Formula Grants	16.588	2019-WF-AX-0045	454,086	453,949
Violence Against Women Formula Grants	16.588	2020-WF-AX-0042	1,056,966	889,703
			1,654,052	1,486,652
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2018-WE-AX-0023	140,558	21,465
Residential Substance Abuse Treatment for State Prisoners	16.593	2016-RT-BX-0017	32,234	-
Residential Substance Abuse Treatment for State Prisoners	16.593	2017-RT-BX-0017	63,062	-
			95,296	-
Bulletproof Vest Partnership Grant	16.607	2018BOBX18093063	1,490	1,490
Project Safe Neighborhoods	16.609	2020-GP-BX-0032	2,831	-

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Public Safety Partnership and Community Policing Grants	16.710	2019HPWX0011	27,454	-
Special Data Collections and Statistical Studies	16.734	2015-R2-CX-K043	464,612	46,130
PREA Program: Strategic Support for PREA Implementation	16.735	2019-RP-BX-0004	3,016	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-MU-BX-0157	39,073	39,073
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-MU-BX-0216	378,037	233,906
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-MU-BX-0077	731,903	672,700
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-MU-BX-0028	541,234	294,950
			1,690,247	1,240,629
DNA Backlog Reduction Program	16.741	2016-DN-BX-K011	26,167	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2018-CD-BX-0045	3,256	3,256
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2019-CD-BX-0036	225,493	218,168
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2020-CD-BX-0051	36,635	36,521
			265,384	257,945
Support for Adam Walsh Act Implementation Grant Program	16.750	2018-AW-BX-0003	37,559	-
Support for Adam Walsh Act Implementation Grant Program	16.750	2019-AW-BX-0023	628	-
Support for Adam Walsh Act Implementation Grant Program	16.750	2020-AW-BX-0060	423	-
			38,610	-
Second Chance Act Prisoner Reentry Initiative	16.812	2016-CZ-BX-0015	57,750	-
NICS Act Record Improvement Program	16.813	2018-NS-BX-K005	20,798	-
NICS Act Record Improvement Program	16.813	2019-NS-BX-K005	1,528	-
NICS Act Record Improvement Program	16.813	2020-NS-BX-K014	12,474	-
			34,800	-
Passed Through Community Resources For Justice, Inc. Justice Reinvestment Initiative	16.827	2019-ZB-BX-K003	57,852	-
Passed Through Community Resources For Justice, Inc. Justice Reinvestment Initiative	16.827	2019-ZB-BX-K003-406	3,859	-
Passed Through Community Resources For Justice, Inc. Justice Reinvestment Initiative	16.827	2019-ZB-BX-K003A	18,600	-
			80,311	-
National Sexual Assault Kit Initiative	16.833	2016-AK-BX-K004	471,703	439,996
National Sexual Assault Kit Initiative	16.833	2017-AK-BX-0017	14,769	-
National Sexual Assault Kit Initiative	16.833	2018-AK-BX-0005	372,278	320,471
National Sexual Assault Kit Initiative	16.833	2019-AK-BX-0007	271,632	239,384
			1,130,382	999,851
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838	2017-AR-BX-K003	255,091	187,872

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Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
STOP School Violence	16.839	2018-YS-BX-0046	173,595	32,162
STOP School Violence	16.839	2018-YS-BX-0142	92,780	-
			266,375	32,162
Equitable Sharing Program	16.922	DPS FEDERAL FORFEITURES	224,342	-
Equitable Sharing Program	16.922	Justice Forfeiture Gaming	1,170,898	-
			1,395,240	-
Total Department of Justice			37,672,806	29,044,962
Department of Labor				
Employment Service CLUSTER				
Employment Service/Wagner-Peyser Funded Activities	17.207	ES-33404-19-55-A-32	933,870	-
Employment Service/Wagner-Peyser Funded Activities	17.207	ES-35356-20-55-A-32-1	459,439	-
Employment Service/Wagner-Peyser Funded Activities	17.207	MI-32229-18-60-A-32	146,564	-
			1,539,873	-
Jobs for Veterans State Grants	17.801	DV-34210-20-55-5-32	848,448	-
Total Employment Service CLUSTER			2,388,321	-
WIOA CLUSTER				
WIOA Adult Program	17.258	AA-30799-17-55-A-32	340,749	340,749
WIOA Adult Program	17.258	AA-32217-18-55-A-32	718,493	521,018
WIOA Adult Program	17.258	AA-33248-19-55-A-32	2,294,792	1,897,991
WIOA Adult Program	17.258	AA-34781-20-55-A-32	4,172,699	4,172,699
			7,526,733	6,932,457
WIOA Youth Activities	17.259	AA-32217-18-55-A-32	893,997	-
WIOA Youth Activities	17.259	AA-33248-19-55-A-32	4,185,900	4,161,116
WIOA Youth Activities	17.259	AA347812055A32	2,531,484	2,531,484
			7,611,381	6,692,600
WIOA Dislocated Worker Formula Grants	17.278	AA-32217-18-55-A-32	2,590,605	938,638
WIOA Dislocated Worker Formula Grants	17.278	AA-33248-19-55-A-32	9,641,706	8,621,666
WIOA Dislocated Worker Formula Grants	17.278	AA-34781-20-55-A-32	3,188,937	2,604,421
			15,421,248	12,164,725
Total WIOA CLUSTER			30,559,362	25,789,782
Labor Force Statistics	17.002	LM-33084-20-75-J-32	96,844	-
Labor Force Statistics	17.002	LM-34568-21-75-J-32	563,971	-
			660,815	-
Compensation and Working Conditions	17.005	OS-33067-20-75-J-32	20,348	-

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Compensation and Working Conditions	17.005	OS-34551-21-75-J-32	65,820	-
			86,168	-
Unemployment Insurance	17.225	UI Trust Fund	1,786,929,739	-
Unemployment Insurance	17.225	UI-34071-20-55-A-32	22,183,842	-
Unemployment Insurance	17.225	UI-34177-20-55-A-32	2,795	-
Unemployment Insurance	17.225	UI-34508-20-60-A-32	669,517	-
Unemployment Insurance	17.225	UI-35661-21-55-A-32	26,246,802	-
Unemployment Insurance	17.225	UI-35717-21-55-A-32	8,154	-
Unemployment Insurance	17.225	UIPL-39-37	484,605	-
COVID-19 Unemployment Insurance	17.225	FAMILIES FIRST	5,344,696	-
COVID-19 Unemployment Insurance	17.225	MEUC UIPL NO 9-21	757	-
COVID-19 Unemployment Insurance	17.225	UI EUC	14,198	-
COVID-19 Unemployment Insurance	17.225	UI EXTENDED BENEFITS	302,434,655	-
COVID-19 Unemployment Insurance	17.225	UI FPUC	2,496,370,702	-
COVID-19 Unemployment Insurance	17.225	UI PEUC	1,190,894,016	-
COVID-19 Unemployment Insurance	17.225	UI PUA	735,718,259	-
COVID-19 Unemployment Insurance	17.225	UI-34728-20-55-A-32	12,507,104	-
			6,579,809,841	-
Senior Community Service Employment Program	17.235	AD-35183-20-60-A-32	363,412	322,238
Trade Adjustment Assistance	17.245	TA-32664-19-55-A-32	38,774	-
Trade Adjustment Assistance	17.245	TA-36062-21-55-A-32	4,294	-
			43,068	-
H1-B Job Training Grants	17.268	HG-35887-21-60-A-32	20,148	-
Work Opportunity Tax Credit Program (WOTC)	17.271	WT-34124-20-55-A-32	89,112	-
Work Opportunity Tax Credit Program (WOTC)	17.271	WT-35837-21-55-A-32	83,679	-
			172,791	-
Temporary Labor Certification for Foreign Workers	17.273	FL-33870-19-55-A-32	21,860	-
Temporary Labor Certification for Foreign Workers	17.273	FL-34386-20-55-A-32	106,414	-
			128,274	-
WIOA National Dislocated Worker Grants / Workforce Investment Act (WIA) National Emergency Grants	17.277	DW-34818-20-60-A-32	977,396	977,314
WIOA National Dislocated Worker Grants / Workforce Investment Act (WIA) National Emergency Grants	17.277	DW-35240-20-60-A-32	3,369,761	3,369,680
			4,347,157	4,346,994
Apprenticeship USA Grants	17.285	AP-30083-16-60-A-32	605,754	-

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Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Apprenticeship USA Grants	17.285	AP-35116-20-60-A-32	54,129	-
			659,883	-
Occupational Safety and Health_State Program	17.503	SP-35213-SP0	91,084	-
Occupational Safety and Health_State Program	17.503	SP-35559-SP1	1,631,200	-
COVID-19 Occupational Safety and Health State Program	17.503	SP-36803-SA1	104,454	-
			1,826,738	-
Consultation Agreements	17.504	CS-32029-CS0	25,500	-
Consultation Agreements	17.504	CS-35603-CS1	650,700	-
			676,200	-
Mine Health and Safety Grants	17.600	MS-35137-20-55-R-32	11,539	-
Mine Health and Safety Grants	17.600	MS-36708-21-55-R-32	390,741	-
			402,280	-
Total Department of Labor			6,622,144,458	30,459,014
Department of Transportation				
FMCSA CLUSTER				
Motor Carrier Safety Assistance	20.218	69A3601930207MCG0NV	651,213	-
Motor Carrier Safety Assistance	20.218	69A3602030393MCG0NV	1,396,488	-
			2,047,701	-
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237	69A3601840058MHP0NV	169,600	-
			2,217,301	-
Federal Transit CLUSTER				
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Program	20.526	NV-2017-017-25-00	1,349,814	1,349,814
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Program	20.526	NV-2018-009-00	674,907	674,907
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Program	20.526	NV-2019-019-00	295,548	295,548
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Program	20.526	NV-2019-024-00	536,305	467,538
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Program	20.526	NV-2020-001-01	165,926	163,556
			3,022,500	2,951,363
Highway Planning and Construction CLUSTER				
Highway Planning and Construction	20.205	20205	280,828,941	53,032,146
Recreational Trails Program	20.219	NRTP-013	91,042	8,515
Recreational Trails Program	20.219	NRTP017	28,755	28,755

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Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Recreational Trails Program	20.219	N RTP018	993,279	733,633
Recreational Trails Program	20.219	N RTP019	57,833	57,833
			1,170,909	828,736
Total Highway Planning and Construction CLUSTER			281,999,850	53,860,882
Highway Safety CLUSTER				
State and Community Highway Safety	20.600	18X9204020NV20	1,279,118	324,451
State and Community Highway Safety	20.600	69A37519300004020NV0	1,219,397	742,321
			2,498,515	1,066,772
National Priority Safety Programs	20.616	18X920405BNV19	201,299	82,587
National Priority Safety Programs	20.616	18X920405BNV20	31,102	16,772
National Priority Safety Programs	20.616	18X920405CNV19	61,114	-
National Priority Safety Programs	20.616	18X920405DNV20	773,907	503,111
National Priority Safety Programs	20.616	18X920405HNV20	133,279	125,770
National Priority Safety Programs	20.616	69A3751830000405BNVL	9,871	-
National Priority Safety Programs	20.616	69A3751830000405CNV0	168,950	41,394
National Priority Safety Programs	20.616	69A3751930000405DNVM	209,232	175,624
National Priority Safety Programs	20.616	69A3751930000405HNV0	31,054	29,712
			1,619,808	974,970
Total Highway Safety CLUSTER			4,118,323	2,041,742
Transit Services Programs CLUSTER				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NV-16-0038	13,073	13,073
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NV-2019-023-00	12,018	6,127
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NV-2019-025-00	149,573	148,523
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	NV-2021-001-00	200,000	160,000
			374,664	327,723
Total Transit Services Programs CLUSTER			374,664	327,723
Airport Improvement Program	20.106	3-32-0000-012-2020	266,128	-
COVID-19 Airport Improvement Program	20.106	3-32-0000-012-2020	17,742	-
			283,870	-
Formula Grants for Rural Areas and Tribal Transit Program	20.509	NV-18-X035	1,280	-
Formula Grants for Rural Areas and Tribal Transit Program	20.509	NV-18-X039	12,580	11,559
Formula Grants for Rural Areas and Tribal Transit Program	20.509	NV-2017-017-29-00	9,126	9,126
Formula Grants for Rural Areas and Tribal Transit Program	20.509	NV-2019-022-00	334,649	334,649
COVID-19 Formula Grants for Rural Areas and Tribal Transit Program	20.509	NV-2020-008-00	11,553,421	11,553,421
			11,911,056	11,908,755

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Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	18X9205464NV20	634,476	410,542
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	20.614	DTNH2215H00473-0002	65,760	-
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	20.614	DTNH2217H00149	73,548	-
			139,308	-
Pipeline Safety Program State Base Grant	20.700	693JK31930026PGSB	825,301	-
Pipeline Safety Program State Base Grant	20.700	693JK32030028PGSB	693,030	-
			1,518,331	-
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	693JK31940028HMEP	32,617	30,067
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	HM-HMP-0550-16-01-00	5,542	5,542
			38,159	35,609
PHMSA Pipeline Safety Program One Call Grant	20.721	693JK31940016PSOC	13,050	-
PHMSA Pipeline Safety Program One Call Grant	20.721	693JK32040020PSOC	35,054	-
			48,104	-
Total Department of Transportation			306,305,942	71,536,616
Department of Treasury				
Equitable Sharing	21.016	US TREASURY FORFEITURE GAMING	2,612,464	-
COVID-19 Passed Through WESTAF Coronavirus Relief Fund	21.019	0763	20,000	-
COVID-19 Coronavirus Relief Fund	21.019	CARES ACT 2020	657,916,886	291,959,952
			657,936,886	291,959,952
COVID-19 Emergency Rental Assistance Program	21.023	ERAP GRANT	23,075,413	23,074,513
Total Department of Treasury			683,624,763	315,034,465
National Aeronautics and Space Administration				
Office of Stem Engagement (OSTEM)	43.008	80NSSC21M0038	966	-
Total National Aeronautics and Space Administration			966	-
National Endowment for the Arts				
Promotion of the Arts_Partnership Agreements	45.025	1856024-61-19	118,667	96,013
Promotion of the Arts_Partnership Agreements	45.025	1863371-61-20	322,452	129,911
COVID-19 Promotion of the Arts_Partnership Agreements	45.025	1856024-61-19C	187,250	187,250
			628,369	413,174
Grants to States	45.310	LS-00-19-0029-19	398,940	123,788
Grants to States	45.310	LS-246180-OLS-20	1,287,860	268,772

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Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
COVID-19 Grants to States	45.310	LS-246546-OLS-20	155,771	155,771
			1,842,571	548,331
Total National Endowment for the Arts			2,470,940	961,505
Small Business Administration				
State Trade Expansion	59.061	SBAHQ-17-IT-0025	2,872	2,872
State Trade Expansion	59.061	SBAHQ18IT0015	7,205	7,205
State Trade Expansion	59.061	SBAHQ19T0037/0001	244,759	243,759
State Trade Expansion	59.061	SBAHQ20IT0016	134,463	114,463
Total Small Business Administration			389,299	368,299
Department of Veterans Affairs				
VA Grants for Adaptive Sports Programs for Disabled Veterans and Disabled Members of the Armed Forces	64.034	SPORTS-19-70	19,217	110
Veterans Transportation Program	64.035	702-2018-HRTG-015	20,358	20,358
Veterans Transportation Program	64.035	702-2019-HRTG-015	88,213	88,213
Veterans Transportation Program	64.035	702-2020-HRTG-015	40,310	40,310
			148,881	148,881
Total Department of Veterans Affairs			168,098	148,991
Environmental Protection Agency				
Clean Water State Revolving Fund Cluster CLUSTER				
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-32000118	346,834	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS32000119-0	7,779,000	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS32000120-0	6,246,488	-
Total Clean Water State Revolving Fund Cluster CLUSTER			14,372,322	-
Drinking Water State Revolving Fund Cluster CLUSTER				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	FS99996018	357,035	64,883
Capitalization Grants for Drinking Water State Revolving Funds	66.468	FS99996019-0	2,890,485	295,580
Capitalization Grants for Drinking Water State Revolving Funds	66.468	FS99996020-0	9,680,580	35,320
Total Drinking Water State Revolving Fund Cluster CLUSTER			12,928,100	395,783
State Indoor Radon Grants	66.032	K1-96963520-0	59,161	59,161
State Indoor Radon Grants	66.032	K1-96963520-1	164,905	163,226
			224,066	222,387
Diesel Emissions Reduction Act (DERA) State Grants	66.040	DS-99T94101	460,286	-
Multipurpose Grants to States and Tribes	66.204	AA-98T17701	16,913	-
Multipurpose Grants to States and Tribes	66.204	AA-99T60401	1,659	-

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Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Multipurpose Grants to States and Tribes	66.204	AA-99T99201	56,653	4,907
			75,225	4,907
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	I-00T20617	56,171	23,318
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	I-00T20618	220,662	-
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	I-00T20621	442	-
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	I-97933616	590,940	279,649
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	I-97933621	296,933	-
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	I-97933716	101,908	-
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	I-97933721	74,842	-
			1,341,898	302,967
State Public Water System Supervision	66.432	F-00910520	951,000	94,197
State Underground Water Source Protection	66.433	G-00945619	78,000	-
Lead Testing in School and Child Care Program Drinking Water	66.444	M1-99T87901	26,505	-
Water Quality Management Planning	66.454	C6-97965919	29,511	29,451
Water Quality Management Planning	66.454	C6-97965921	60,061	-
Water Quality Management Planning	66.454	C697965918	13,050	12,930
			102,622	42,381
Nonpoint Source Implementation Grants	66.460	C9-97908116	8,665	-
Nonpoint Source Implementation Grants	66.460	C9-97908117	205,239	203,049
Nonpoint Source Implementation Grants	66.460	C9-97908118	26,732	26,417
Nonpoint Source Implementation Grants	66.460	C9-97908119	273,604	241,235
Nonpoint Source Implementation Grants	66.460	C9-97908120	581,119	168,565
Nonpoint Source Implementation Grants	66.460	C9-97908121	88	-
			1,095,447	639,266
Performance Partnership Grants	66.605	97958820	1,493,880	-
Performance Partnership Grants	66.605	BG 00T87021 0	155,369	-
Performance Partnership Grants	66.605	BG-00T87017-07	196,467	-
			1,845,716	-
Environmental Information Exchange Network Grant Program and Related Assistance	66.608	OS-83921901-0	5,000	-
Environmental Information Exchange Network Grant Program and Related Assistance	66.608	OS-83969201	6,144	-
Environmental Information Exchange Network Grant Program and Related Assistance	66.608	OS-883969201	5,500	-
			16,644	-
Superfund State, Political Subdivision, and Indian Tribe Site_Specific Cooperative Agreements	66.802	99T88001	160,249	-

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FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Superfund State, Political Subdivision, and Indian Tribe Site_Specific Cooperative Agreements	66.802	V-99T28801	152,966	-
			313,215	-
Underground Storage Tank Prevention, Detection and Compliance Program	66.804	99T86701	249,440	-
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805	99T86801	484,068	-
State and Tribal Response Program Grants	66.817	RP-99T41601	541,160	-
Total Environmental Protection Agency			35,105,714	1,701,888
Department of Energy				
State Energy Program	81.041	DE-EE0008290	562,936	-
Weatherization Assistance for Low-Income Persons	81.042	DE-EE0007934	962,144	898,095
Environmental Remediation and Waste Processing and Disposal	81.104	DE-EM0004215	3,652,190	-
Environmental Remediation and Waste Processing and Disposal	81.104	DE-NA0003294	640,564	-
Environmental Remediation and Waste Processing and Disposal	81.104	DE-NA0003295	442,265	-
Environmental Remediation and Waste Processing and Disposal	81.104	DE-NA0003296	411,118	386,787
			5,146,137	386,787
Passed Through Western Governor's Association Transport of Transuranic Wastes to the WIPP	81.106	DE-EM0001204	122,372	-
Total Department of Energy			6,793,589	1,284,882
Department of Education				
Special Education (IDEA) CLUSTER				
Special Education_Grants to States	84.027	H027A180043	2,674,205	2,235,242
Special Education_Grants to States	84.027	H027A190043	29,761,423	28,401,694
Special Education_Grants to States	84.027	H027A200043	44,746,206	44,621,012
			77,181,834	75,257,948
Special Education_Preschool Grants	84.173	H173A180046	85,001	85,001
Special Education_Preschool Grants	84.173	H173A190046	941,829	870,693
Special Education_Preschool Grants	84.173	H173A200046	1,010,258	992,727
			2,037,088	1,948,421
Total Special Education (IDEA) CLUSTER			79,218,922	77,206,369
Adult Education - Basic Grants to States	84.002	V002A180029	280	280
Adult Education - Basic Grants to States	84.002	V002A190029	3,388,085	3,357,343
Adult Education - Basic Grants to States	84.002	V002A200029	3,658,222	2,702,870
			7,046,587	6,060,493

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Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Title I Grants to Local Educational Agencies	84.010	S010A180028	1,026,212	914,286
Title I Grants to Local Educational Agencies	84.010	S010A190028	43,307,510	42,974,073
Title I Grants to Local Educational Agencies	84.010	S010A200028	77,359,243	76,149,008
			121,692,965	120,037,367
Migrant Education_State Grant Program	84.011	S011A180028	5,250	5,250
Migrant Education_State Grant Program	84.011	S011A190028	81,003	77,700
Migrant Education_State Grant Program	84.011	S011A200028	41,454	31,906
			127,707	114,856
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	S013A180028	71,443	67,151
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	S013A190028	507,772	335,490
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	S013A200028	1,215	-
			580,430	402,641
Career and Technical Education -- Basic Grants to States	84.048	V048A180028	229,201	213,031
Career and Technical Education -- Basic Grants to States	84.048	V048A190028	2,586,960	2,457,473
Career and Technical Education -- Basic Grants to States	84.048	V048A200028	5,250,501	4,266,084
			8,066,662	6,936,588
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	H126A190041	309,000	-
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	H126A200041	4,369,473	-
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	H126A210041	12,774,623	-
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	PROGRAM INCOME SSA20	32,974	-
			17,486,070	-
Migrant Education_Coordination Program	84.144	S144F180028	47,800	-
Migrant Education_Coordination Program	84.144	S144F190028	29,556	-
			77,356	-
Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind	84.177	H177B200028	77,381	-
Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind	84.177	H177B210028	247,346	-
			324,727	-
Special Education-Grants for Infants and Families	84.181	H181A190019	1,516,891	-
Special Education-Grants for Infants and Families	84.181	H181A200019	2,068,060	-
			3,584,951	-
School Safety National Activities	84.184	S184F140007	77,868	45,769
School Safety National Activities	84.184	S184F180007	756,010	596,269
School Safety National Activities	84.184	S184F180007-19	5,512	2,163

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School Safety National Activities	84.184	S184H200012	15,885	-
			855,275	644,201
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187	H187A200042	10,163	-
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187	H187A210042	55,800	-
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187	H187B200042	8,165	-
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187	H187B210042	33,363	-
			107,491	-
Education for Homeless Children and Youth	84.196	S196A180029	110	-
Education for Homeless Children and Youth	84.196	S196A190029	349,851	259,906
Education for Homeless Children and Youth	84.196	S196A200029	318,441	259,078
			668,402	518,984
Charter Schools	84.282	U282A150016	3,375,731	3,373,561
Twenty-First Century Community Learning Centers	84.287	S287C150028	2,632,071	2,632,071
Twenty-First Century Community Learning Centers	84.287	S287C160028	2,053,995	2,046,560
Twenty-First Century Community Learning Centers	84.287	S287C180028	4,542,916	4,356,959
Twenty-First Century Community Learning Centers	84.287	S287C190028	3,644,377	3,403,933
Twenty-First Century Community Learning Centers	84.287	S287C200028	205,021	-
			13,078,380	12,439,523
Indian Education -- Special Programs for Indian Children	84.299	S299A170030	473,219	300,382
Special Education - State Personnel Development	84.323	H323A150012	219,768	211,768
Special Education - State Personnel Development	84.323	H323A200020	112,729	23,182
			332,497	234,950
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	P334S120028	134,291	18,299
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	P334S190009	2,358,808	1,436,244
			2,493,099	1,454,543
Rural Education	84.358	S35B190028	102,181	102,181
Rural Education	84.358	S35B200028	98,010	97,372
			200,191	199,553
English Language Acquisition State Grants	84.365	S365A180028	101,333	101,333
English Language Acquisition State Grants	84.365	S365A190028	2,980,310	2,821,161
English Language Acquisition State Grants	84.365	S365A200028	2,566,177	2,349,921
			5,647,820	5,272,415

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Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	S367A180027	2,147,485	2,144,363
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	S367A190027	5,958,419	5,707,610
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	S367A200027	3,681,496	3,386,782
			11,787,400	11,238,755
Grants for State Assessments and Related Activities	84.369	S369A190029	1,750,790	-
Grants for State Assessments and Related Activities	84.369	S369A200029	1,902,810	-
			3,653,600	-
Statewide Longitudinal Data Systems	84.372	R372A200020	196,521	-
School Improvement Grants	84.377	S377A150029	457,158	457,158
School Improvement Grants	84.377	S377A160029	948,774	882,979
			1,405,932	1,340,137
Preschool Development Grants	84.419	S419A150004-15A	112	112
Student Support and Academic Enrichment Program	84.424	S424A180029	117,196	87,146
Student Support and Academic Enrichment Program	84.424	S424A190029	4,237,822	3,973,239
Student Support and Academic Enrichment Program	84.424	S424A200029	4,222,829	4,188,484
Student Support and Academic Enrichment Program	84.424	S424C190005-19A	275,683	-
Student Support and Academic Enrichment Program	84.424	S424D200002	141,906	-
			8,995,436	8,248,869
COVID-19 Education Stabilization Fund	84.425C	GEER GRANT	3,531,755	269,136
COVID-19 Education Stabilization Fund	84.425D	S425D200018	49,402,273	49,091,318
COVID-19 Education Stabilization Fund	84.425D	S425D210018	808	-
COVID-19 Education Stabilization Fund	84.425G	V425G200036	495,024	-
			53,429,860	49,360,454
Total Department of Education			344,907,343	305,384,753
Election Assistance Commission				
2018 HAVA Election Security Grants	90.404	NV18101001	1,501,282	257,796
COVID-19 2020 Supplemental COVID-19 Election Security Grants	90.404	NV20101CARES	2,729,042	2,370,395
Total Election Assistance Commission			4,230,324	2,628,191
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	1901NVOASS	981,536	956,956
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2001NVOASS	1,880,477	1,684,408

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Federal Grantor / Pass-Through Grantor	Federal Financial			Payments to
Program Title	Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Subrecipients
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2101NVOASS	545,221	-
COVID-19 Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2001NVSSC3	1,232,951	1,232,951
			4,640,185	3,874,315
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	18AANVT3HD	605,877	605,877
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	1901NVOACM	378,754	378,754
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	1901NVOAHD	134,954	134,954
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	2001NVOACM	1,492,257	758,143
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	2001NVOAHD	2,870,754	2,870,754
COVID-19 Special Programs for the Aging_Title III, Part C_Nutrition Srvs	93.045	2001NVCMC2	667,992	667,992
COVID-19 Special Programs for the Aging_Title III, Part C_Nutrition Srvs	93.045	2001NVHDC2	1,143,423	1,143,422
COVID-19 Special Programs for the Aging_Title III, Part C_Nutrition Srvs	93.045	2001NVHDC3	1,738,618	1,717,734
			9,032,629	8,277,630
Nutrition Services Incentive Program	93.053	2001NVOANS	1,026,615	1,026,615
Nutrition Services Incentive Program	93.053	2101NVOANS	987,359	987,359
Nutrition Services Incentive Program	93.053	NSIP COMMODITIES	75,584	75,584
			2,089,558	2,089,558
Total Aging CLUSTER			15,762,372	14,241,503
CCDF CLUSTER				
Child Care and Development Block Grant	93.575	2001NVCCDF	39,627,514	35,770,368
Child Care and Development Block Grant	93.575	2101NVCCDF	6,964,438	4,262,658
COVID-19 Child Care and Development Block Grant	93.575	2001NVCCC3	25,818,053	25,768,081
			72,410,005	65,801,107
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	2101NVCCDF	6,841,289	6,841,289
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G2001NVCCDF 2020G999004	2,580,422	2,580,422
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G2001NVCCDM 2020G999005	3,200,413	3,200,413
			12,622,124	12,622,124
Total CCDF CLUSTER			85,032,129	78,423,231
Head Start CLUSTER				
Head Start	93.600	09CD004076	64,464	-
Head Start	93.600	09CD4012-05	32,378	-
Total Head Start CLUSTER			96,842	-

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Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Medicaid CLUSTER				
State Medicaid Fraud Control Units	93.775	2001NV5050	471,544	-
State Medicaid Fraud Control Units	93.775	2101NV5050	1,369,316	-
			1,840,860	-
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	2005NV5000	116,603	48,235
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	2005NV5002	14,913	-
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	2005NVPACT	16,864	-
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	2105NV5000	1,362,855	77,175
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	2105NV5002	101,975	-
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	2105NVPACT	50,293	-
COVID-19 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	2005NV50C3	72,238	-
COVID-19 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	2105NV5002	2,262	-
COVID-19 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	2105NV50C3	178,240	-
			1,916,243	125,410
Medical Assistance Program	93.778	2005NV5ADM	5,298,681	-
Medical Assistance Program	93.778	2005NVIMPL	147,517	-
Medical Assistance Program	93.778	2105NV5ADM	92,123,954	-
Medical Assistance Program	93.778	2105NV5MAP	3,355,853,395	-
Medical Assistance Program	93.778	2105NVIMPL	1,195,533	-
Medical Assistance Program	93.778	2105NVINCT	317,334	-
			3,454,936,414	-
Total Medicaid CLUSTER			3,458,693,517	125,410
Special Programs for the Aging Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	2001NVOAEA	13,666	-
Special Programs for the Aging Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	2101NVOAEA	13,522	-
			27,188	-
Special Programs for the Aging Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	18AANVT7OM	21,636	21,636
Special Programs for the Aging Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	2001NVOAOM	54,157	-
Special Programs for the Aging Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	2101NVOAOM	31,411	-

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Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
COVID-19 Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	2001NVOMC3	164,334	159,124
			271,538	180,760
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	1901NVOAPH	128,998	128,998
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	2001NVOAPH	68,086	68,086
			197,084	197,084
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048	90MPPG0047-03	216,358	123,583
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048	90MPPG0047-04	13,981	-
COVID-19 Special Programs for the Aging_Title IV_and Title II_DiscretionaryProjects	93.048	90NWC30009	245,504	221,585
			475,843	345,168
National Family Caregiver Support, Title III, Part E	93.052	1901NVOAFC	511,285	511,285
National Family Caregiver Support, Title III, Part E	93.052	2001NVOAFC	1,264,775	1,263,505
COVID-19 National Family Caregiver Support, Title III, Part E	93.052	2001NVFCC3	213,442	213,442
			1,989,502	1,988,232
Public Health Emergency Preparedness	93.069	5 NU90TP922047-02-00	709,512	709,512
Public Health Emergency Preparedness	93.069	5 NU90TP922047-02-00	5,787,047	3,959,040
			6,496,559	4,668,552
Medicare Enrollment Assistance Program	93.071	1801NVMIAA-01	10,148	9,813
Medicare Enrollment Assistance Program	93.071	1801NVMIDR-01	24,852	23,916
Medicare Enrollment Assistance Program	93.071	1801NVMISH-01	28,387	15,826
Medicare Enrollment Assistance Program	93.071	2001NVMISH	85,792	61,729
			149,179	111,284
Lifespan Respite Care Program	93.072	90LRLI0008-03	203,139	79,723
Lifespan Respite Care Program	93.072	90LRLI0035-01	46,850	3,600
			249,989	83,323
Guardianship Assistance	93.090	G-2001NVGARD	738,777	737,536
Guardianship Assistance	93.090	G-2101NVGARD	304,742	269,793
			1,043,519	1,007,329
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	1801NVPREP	247,262	165,054
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	1901NVPREP	240,032	172,220
			487,294	337,274

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Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Maternal and Child Health Federal Consolidated Programs	93.110	5 H18MC00032-28-00	54,211	-
Maternal and Child Health Federal Consolidated Programs	93.110	5 U4CMC32318-02-00	72,200	-
Maternal and Child Health Federal Consolidated Programs	93.110	5 U4CMC32318-03-00	134,794	-
Maternal and Child Health Federal Consolidated Programs	93.110	H18MC00032-27	66,614	25,620
			327,819	25,620
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	1 NU52PS910224	394,861	310,972
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	5 NU52PS910224-02	193,216	138,687
			588,077	449,659
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	1 NU65PS923716-01-00	147,297	147,297
Emergency Medical Services for Children	93.127	5 H33MC06694-15-00	5,629	-
Emergency Medical Services for Children	93.127	5 H33MC06694-16-00	694	-
			6,323	-
Projects for Assistance in Transition from Homelessness (PATH)	93.150	1X06SM083696-01	339,762	293,906
Projects for Assistance in Transition from Homelessness (PATH)	93.150	5X06SM016029-19	210,504	203,796
			550,266	497,702
Family Planning_Services	93.217	5 FPHPA006447-02-00	136,155	-
Family Planning_Services	93.217	5 FPHPA006447-03-00	38,921	-
			175,076	-
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	93.235	1901NVSRAE	277,160	222,318
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	93.235	2001NVSRAE	253,322	194,525
			530,482	416,843
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	1H79SM080637-01	270,611	219,602
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	1H79SM082235-01	1,749,154	11,232
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	5H79SM063346-03	262,624	156,771
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	5H79SP080994-02	1,040,226	899,377
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	5H79SP080994-03	942,351	610,883
			4,264,966	1,897,865
Early Hearing Detection and Intervention	93.251	2 H61MC25010-09-00	170,397	26,063
Early Hearing Detection and Intervention	93.251	5 H61MC25010-10-00	53,662	-

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Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
COVID-19 Early Hearing Detection and Intervention	93.251	6 H61MC25010-09-01C	9,513	-
			233,572	26,063
Immunization Cooperative Agreements	93.268	1 NH23IP922609-01-00	1,206,630	1,206,630
Immunization Cooperative Agreements	93.268	5 NH23IP922609-02-00	3,119,127	945,633
Immunization Cooperative Agreements	93.268	DIRECT ASSISTANCE	33,769,451	-
COVID-19 Immunization Cooperative Agreements	93.268	6 NH23IP22609-02V	2,992,732	2,957,639
COVID-19 Immunization Cooperative Agreements	93.268	6 NH23IP922609-02C	1,915,903	1,251,571
			43,003,843	6,361,473
Viral Hepatitis Prevention and Control	93.270	1 NU51PS005157-01-00	12,056	-
Viral Hepatitis Prevention and Control	93.270	5 NU51PS005120-04	187,584	70,630
			199,640	70,630
National State Based Tobacco Control Programs	93.305	5 NU58DP006009-05	83,727	83,727
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	1 NU50DD000090-01-00	153,583	5,338
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	1 NU50CK000560-01	1,088,495	1,004,948
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	5 NU50CK000560-02-00	1,044,071	467,144
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	5 NU50CK000560-02-CV	22,258,795	196,080
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	6 NU50CK000560-01-05	24,434,411	22,871,463
			48,825,772	24,539,635
State Health Insurance Assistance Program	93.324	90SAPG0046-03	26,011	-
State Health Insurance Assistance Program	93.324	90SAPG0066	253,745	122,933
State Health Insurance Assistance Program	93.324	90SAPG0066-02	46,714	-
			326,470	122,933
The Healthy Brain Initiative: Technical Assistance to Implement Public Health Actions related to Cognitive Health Cognitive Impairment and Caregiving	93.334	NU58DP006924-01	39,955	30,538
Behavioral Risk Factor Surveillance System	93.336	6 NU58DP006028-05-00	220,446	-
COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	1 NU90TP922107-01	4,816,092	3,711,984
Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs	93.367	5U18FD006396-03	122,169	-
ACL Independent Living State Grants	93.369	1901NVILSG	56,000	40,835
ACL Independent Living State Grants	93.369	2001NVILSG	275,456	191,568

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ACL Independent Living State Grants	93.369	2101NVILSG	83,822	20,631
			415,278	253,034
National and State Tobacco Control Program	93.387	1 NU58DP006783-01	1,016,079	777,593
National and State Tobacco Control Program	93.387	5 NU58DP006783-02	33,140	2,711
			1,049,219	780,304
The State Flexibility to Stabilize the Market Grant Program	93.413	PRPPR180130-01-00	67,161	-
Improving the Health of Americans through Prevention & Management of Diabetes & Heart Disease & Stroke-Financed in part by 2018 Prevention & Public He	93.426	5 NU58DP006538-02-00	281,230	281,230
Improving the Health of Americans through Prevention & Management of Diabetes & Heart Disease & Stroke-Financed in part by 2018 Prevention & Public He	93.426	5 NU58DP006538-03-00	1,077,192	653,129
Improving the Health of Americans through Prevention & Management of Diabetes & Heart Disease & Stroke-Financed in part by 2018 Prevention & Public He	93.426	5 NU58DP006538-040	915	-
			1,359,337	934,359
Innovative State and Local Public Health Strategies to prevent and Manage Diabetes and Heart Disease and Stroke-	93.435	5 NU58DP006624-02-00	251,679	202,672
Innovative State and Local Public Health Strategies to prevent and Manage Diabetes and Heart Disease and Stroke-	93.435	5 NU58DP006624-03-00	379,869	201,088
			631,548	403,760
WELL-INTEGRATED SCREENING AND EVALUATION FOR WOMEN ACROSS THE NATION (WISEWOMAN)	93.436	1 NU58DP006840-01	113,583	40,925
ACL Assistive Technology	93.464	1901NVATSG	226,549	182,935
ACL Assistive Technology	93.464	2001NVATSG	243,434	211,082
			469,983	394,017
MaryLee Allen Promoting Safe and Stable Families Program	93.556	2001NVFFTA	177,253	-
MaryLee Allen Promoting Safe and Stable Families Program	93.556	G-1901NVFPCV	177,941	119,378
MaryLee Allen Promoting Safe and Stable Families Program	93.556	G-1901NVFPSS	1,121,202	1,118,991
MaryLee Allen Promoting Safe and Stable Families Program	93.556	G-1901NVPKIN	103,638	55,638
MaryLee Allen Promoting Safe and Stable Families Program	93.556	G-2001NVFPSS	1,525,270	1,226,138
MaryLee Allen Promoting Safe and Stable Families Program	93.556	G-2001NVPKIN	199,731	135,448
MaryLee Allen Promoting Safe and Stable Families Program	93.556	G-2101NVFPSS	46,074	-
			3,351,109	2,655,593
Temporary Assistance for Needy Families	93.558	1901NVTANF 2019G996115	4,413,400	1,206,919
Temporary Assistance for Needy Families	93.558	2001NVTANF 2020G996115	25,341,778	1,665,855
Temporary Assistance for Needy Families	93.558	2101NVTANF 2021G996115	42,421	-
			29,797,599	2,872,774

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Child Support Enforcement	93.563	CSES19 1901NVCSSES 2019G9919CS	1,646	1,646
Child Support Enforcement	93.563	2001NVCSSES 2019G9919CS	5,499,529	2,317,856
Child Support Enforcement	93.563	2001NVCSSES 2021G9921CS	24,789,210	9,203,849
Child Support Enforcement	93.563	2017G9917CJ CSE1504NVCSSES	601,047	534,501
Child Support Enforcement	93.563	2018 1604NVCEST	1,522,772	1,520,198
Child Support Enforcement	93.563	PROGRAM INCOME	13,310,601	12,488,713
			45,724,805	26,066,763
Low-Income Home Energy Assistance	93.568	2020G992201	3,173,960	474,385
Low-Income Home Energy Assistance	93.568	2101NVLIEA	9,983,801	60,286
COVID-19 Low-Income Home Energy Assistance	93.568	2001NVE5C3	4,862,049	240,975
			18,019,810	775,646
Community Services Block Grant	93.569	G-1901NVCOSR	911,704	909,263
Community Services Block Grant	93.569	G-2001NVCOSR	1,162,490	999,044
Community Services Block Grant	93.569	G-2101NVCOSR	1,997,565	1,891,131
COVID-19 Community Services Block Grant	93.569	2001NVCS3	301,570	301,570
			4,373,329	4,101,008
State Court Improvement Program	93.586	G-1901NVSCID	65,879	-
State Court Improvement Program	93.586	G-1901NVSCIP	47,492	-
State Court Improvement Program	93.586	G-1901NVSCIT	66,144	-
State Court Improvement Program	93.586	G-2001NVSCID	66,999	-
State Court Improvement Program	93.586	G-2001NVSCIP	58,973	-
State Court Improvement Program	93.586	G-2001NVSCIT	32,944	-
COVID-19 State Court Improvement Program	93.586	G-2101NVSCIC	520	-
			338,951	-
Community-Based Child Abuse Prevention Grants	93.590	G-1801NVBCAP	7,964	7,964
Community-Based Child Abuse Prevention Grants	93.590	G-1901NVBCAP	126,424	125,847
Community-Based Child Abuse Prevention Grants	93.590	G-2001NVBCAP	165,996	130,345
			300,384	264,156
Grants to States for Access and Visitation Programs	93.597	1901NVSAVP 2019G9919AV	8,575	-
Grants to States for Access and Visitation Programs	93.597	2001NVSAVP	14,130	-
			22,705	-
Chafee Education and Training Vouchers Program (ETV)	93.599	2001NVCETV	172,465	172,465
Chafee Education and Training Vouchers Program (ETV)	93.599	G-1901NVCETV	207,886	207,886
			380,351	380,351

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Adoption and Legal Guardianship Incentive Payments	93.603	1801NVAIPP	684,635	606,278
Adoption and Legal Guardianship Incentive Payments	93.603	G-1701NVAIPP	61,326	43,816
			745,961	650,094
Developmental Disabilities Basic Support and Advocacy Grants	93.630	1901NVSCDD	175,038	78,090
Developmental Disabilities Basic Support and Advocacy Grants	93.630	2001NVSCDD	285,658	45,404
			460,696	123,494
Children's Justice Grants to States	93.643	G-1701NVCJA1	4,086	-
Children's Justice Grants to States	93.643	G-1801NVCJA1	78,531	76,326
Children's Justice Grants to States	93.643	G-1901NVCJA1	34,455	34,455
			117,072	110,781
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1901NVCWSS	968,133	199,685
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-2001NVCWSS	1,815,465	798,830
COVID-19 Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-2001NVCWC3	172,469	149,175
			2,956,067	1,147,690
Foster Care_ Title IV-E	93.658	G-2001NVFOST	12,866,770	11,451,027
Foster Care_ Title IV-E	93.658	G-2101NVFOST	28,427,331	22,590,879
			41,294,101	34,041,906
Adoption Assistance	93.659	G-2001NVADPT	19,147,442	18,484,282
Adoption Assistance	93.659	G-2101NVADPT	25,284,237	21,281,846
			44,431,679	39,766,128
Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment (SUPPORT) for Patients and Communities Act	93.664	2C2CMS331738-01-00	785,080	-
COVID-19 Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665	6H79FG000283-01	1,720,685	1,399,020
Social Services Block Grant	93.667	G-1901NVSOSR	186,978	167,109
Social Services Block Grant	93.667	G-2001NVSOSR	5,553,604	2,817,227
Social Services Block Grant	93.667	G-2101NVSOSR	7,305,453	2,405,811
			13,046,035	5,390,147
Child Abuse and Neglect State Grants	93.669	G-1701NVCA01	10,254	7,582
Child Abuse and Neglect State Grants	93.669	G-1801NVNCAN	337,593	11,098
			347,847	18,680
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	G-1901NVFVPS	328,030	327,416
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	G-2001NVFVPS	662,632	597,266

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
COVID-19 Family Violence Prevention and Services/Grants for Battered Women's Shelters_Grants to States and Indian Tribes	93.671	G-2001NVFVC3	228,303	228,303
			1,218,965	1,152,985
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	G-1901NVCILP	568,607	568,307
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	G-2001NVCILP	595,873	567,731
COVID-19 Chafee Foster Care Independence Program	93.674	G-2101NVCILC	5,005	-
			1,169,485	1,136,038
State Public Health Approaches for Ensuring Waitlist Capacity - Funded in part by 2012 Prevention and Public Health Funds (PPHF-2012)	93.735	6 NU58DP005327-04	5,471	5,471
Elder Abuse Prevention Interventions Program	93.747	90EJSG0033-02	142,358	-
Elder Abuse Prevention Interventions Program	93.747	90EJSG0033-03	324,036	17,400
Elder Abuse Prevention Interventions Program	93.747	90EJSG0045-01	168,416	62,061
COVID-19 Elder Abuse Prevention Interventions Program	93.747	2101NVAPC5	61,418	-
			696,228	79,461
Children's Health Insurance Program	93.767	2005NV5021	1,100,119	-
Children's Health Insurance Program	93.767	2105NV5021	58,548,906	-
			59,649,025	-
Opioid STR	93.788	1H79TI083310-01	3,420,515	2,743,074
Opioid STR	93.788	5H79TI081732-02	3,685,555	3,430,561
			7,106,070	6,173,635
Money Follows the Person Rebalancing Demonstration	93.791	1LICMS330822-01-02	414,058	-
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796	2105NV5001	936,777	-
Organized Approaches to Increase Colorectal Cancer Screening	93.800	6 NU58DP006090-05-00	63,294	63,294
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	1 X10MC33594-01	745,224	671,180
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	1 X10MC39700-01	964,765	700,175
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	X10MC32205-01	510	-
			1,710,499	1,371,355
National Bioterrorism Hospital Preparedness Program	93.889	1 U3REP190613-01	537,734	520,844
National Bioterrorism Hospital Preparedness Program	93.889	5 U3REP190613-02-00	1,628,204	1,185,761
National Bioterrorism Hospital Preparedness Program	93.889	6 NU90TP921907-01-04	23,786	23,786
COVID-19 National Bioterrorism Hospital Preparedness Program	93.889	6 U3REP190613-01C	232,182	228,792
COVID-19 National Bioterrorism Hospital Preparedness Program	93.889	6 U3REP190613-01V	190,089	177,407
			2,611,995	2,136,590

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	5 NU58DP006306-05	3,594	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	6 NU58DP006306-04-00	4,007,257	2,741,514
			4,010,851	2,741,514
HIV Care Formula Grants	93.917	6 X07HA00001-29-01	90,680	90,680
HIV Care Formula Grants	93.917	5 X07HA00001-30-00	5,936,060	3,335,084
HIV Care Formula Grants	93.917	5 X07HA00001-31-00	167,329	20,070
COVID-19 HIV Care Formula Grants	93.917	1 X7CHA36923-01	76,118	76,118
			6,270,187	3,521,952
HIV Prevention Activities_Health Department Based	93.940	5 NU62PS924579-03-00	1,765,065	1,478,968
HIV Prevention Activities_Health Department Based	93.940	5 NU62PS924579-04-00	1,132,070	847,612
			2,897,135	2,326,580
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Haeath Initiative Programs	93.946	1 U01DP006587-01-00	4,679	-
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Haeath Initiative Programs	93.946	5 U01DP006241-04-00	13,789	13,789
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Haeath Initiative Programs	93.946	5 U01DP006241-05-00	138,240	85,841
			156,708	99,630
Block Grants for Community Mental Health Services	93.958	3B09SM010039-19	2,374,245	1,504,451
Block Grants for Community Mental Health Services	93.958	6B09SM082616-01	3,157,300	1,330,755
			5,531,545	2,835,206
Block Grants for Prevention and Treatment of Substance Abuse	93.959	1B08TI083130-01	8,139,284	6,145,898
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2B08TI010039-19	6,451,233	5,772,157
			14,590,517	11,918,055
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	5 NH25PS005179-02-00	514,052	427,680
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	5 NH25PS005179-03-00	271,250	209,118
			785,302	636,798
MENTAL HEALTH DISASTER ASSISTANCE AND EMERGENCY MENTAL HEALTH	93.982	1H07SM083737-01	2,509,418	-
Preventive Health and Health Services Block Grant	93.991	1 NB01OT009309-01	220,604	102,145
Preventive Health and Health Services Block Grant	93.991	NB01OT009322-01	354,064	96,745
			574,668	198,890
Maternal and Child Health Services Block Grant to the States	93.994	6 B04MC32556-01	794,065	323,632
Maternal and Child Health Services Block Grant to the States	93.994	6 B04MC33852-01-03	1,232,693	390,981
			2,026,758	714,613

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
Assisted Outpatient Treatment	93.997	6H79SM063542-04M002	65,469	-
Total Department of Health and Human Services			4,002,908,930	299,779,154
Social Security Administration				
Disability Insurance/SSI CLUSTER				
Social Security_Disability Insurance	96.001	04-1804NVDI00	156	-
Social Security_Disability Insurance	96.001	04-2104NVDI00	11,650,438	-
Social Security_Disability Insurance	96.001	1904NVD100	254,770	-
Social Security_Disability Insurance	96.001	2004NVD100	4,570,455	-
Total Disability Insurance/SSI CLUSTER			16,475,819	-
Total Social Security Administration			16,475,819	-
Department of Homeland Security				
Non-Profit Security Program	97.008	EMW-2019-UA-00057	13,702	13,702
Non-Profit Security Program	97.008	EMW-2020-UA-00044-S01	63,888	63,888
			77,590	77,590
Boating Safety Financial Assistance	97.012	3320FAS200132	380,945	-
Boating Safety Financial Assistance	97.012	3321FAS210132	855,646	-
			1,236,591	-
Community Assistance Program_State Support Services Element (CAP-SSSE)	97.023	EMF-2019-CA-00003	76,893	-
Community Assistance Program_State Support Services Element (CAP-SSSE)	97.023	EMF-2020-CA-00021	60,811	-
			137,704	-
COVID-19 Crisis Counseling	97.032	FEMA-4523-DR-NV	297,046	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-09-NV-4202	26,063	26,063
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-09-NV-4303	1,095,097	1,039,506
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-09-NV-4307	664,796	584,426
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-3443-EM-NV	32,305,754	3,913,669
			34,091,710	5,563,664
Hazard Mitigation Grant	97.039	FEMA-4202-DR-NV	513,957	513,957
Hazard Mitigation Grant	97.039	FEMA-4303-DR-NV	637,539	636,539
Hazard Mitigation Grant	97.039	FEMA-4307-DR-NV	23,254	20,290
			1,174,750	1,170,786

STATE OF NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor / Pass-Through Grantor Program Title	Federal Financial Assistance Listing/ CFDA Number	Award or Pass- Through Number	Expenditures	Payments to Subrecipients
National Dam Safety Program	97.041	EMF-2019-GR-00003	37,015	-
National Dam Safety Program	97.041	EMF-2020-GR-00002	23,692	-
			60,707	-
Emergency Management Performance Grants	97.042	EMF-2018-EP-00010	700,405	104,864
Emergency Management Performance Grants	97.042	EMF-2019-EP-00009	1,440,935	320,812
Emergency Management Performance Grants	97.042	EMF-2020-EP-00005	553,392	422,279
COVID-19 Emergency Management Performance Grants	97.042	EMF-2020-EP-00017-S01	117,553	117,553
			2,812,285	965,508
Assistance to Firefighters Grant	97.044	EMW-2018-FZ-00081	308,417	-
Cooperating Technical Partners	97.045	EMF-2019-CA-00005	53,091	-
Cooperating Technical Partners	97.045	EMF-2020-CA-00008	75,634	-
			128,725	-
BRIC: Building Resilient Infrastructure and Communities	97.047	EMF-2015-PC-0001	311,520	283,012
BRIC: Building Resilient Infrastructure and Communities	97.047	EMF-2017-PC-0009	184,642	134,685
BRIC: Building Resilient Infrastructure and Communities	97.047	EMF-2018-PC-0007	284,249	253,969
BRIC: Building Resilient Infrastructure and Communities	97.047	EMF-2019-PC-0007	196,696	-
BRIC: Building Resilient Infrastructure and Communities	97.047	EMF-2020-PC-0012	667	-
			977,774	671,666
COVID-19 Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	97.050	4523DRNV SPLW	415,722,317	-
Homeland Security Grant Program	97.067	EMW-2017-SS-00006-S01	770,781	729,844
Homeland Security Grant Program	97.067	EMW-2018-SS-00066	2,063,862	1,643,714
Homeland Security Grant Program	97.067	EMW-2019-SS-00061-S01	3,549,189	2,093,318
Homeland Security Grant Program	97.067	EMW-2020-SS-00056	278,616	10,878
			6,662,448	4,477,754
Earthquake Consortium	97.082	EMF-2019-CA-00013-S01	26,901	26,901
Homeland Security Biowatch Program	97.091	13OHBIO00025-08-00	1,096,434	1,086,478
Homeland Security Biowatch Program	97.091	13OHBIO00025-09-00	2,280	-
			1,098,714	1,086,478
Total Department of Homeland Security			464,813,679	14,040,347
Total Federal Financial Assistance			\$ 13,979,727,484	\$ 1,269,860,100

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, 2021. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the State, it is not intended to and does not present the net position, fund balance, or cash flows of the State.

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

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

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

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

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

- Trade Mitigation Program Eligible Recipient Agency Operations Funds (10.178)
- National School Lunch Program (10.555)
- Commodity Supplemental Food Program (10.565)
- Emergency Food Assistance Program (Administrative Costs) (10.568)
- Emergency Food Assistance Program (Food Commodities) (10.569)
- Child and Adult Care Food Program (10.558)
- Summer Food Service Program for Children (10.559)
- Food Distribution Program on Indian Reservations (10.567)
- Nutrition Services Incentive Program (93.053)

Note 2 - Unemployment Insurance Program (17.225)

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

State Benefits	\$ 1,786,929,739
Federal Benefits	4,725,431,830
Federal Funds - Grants	<u>67,448,272</u>
Total Reported	<u><u>\$ 6,579,809,841</u></u>

Note 3 - Special Supplemental Nutrition Program for Women, Infants, and Children (10.557)

The expenditures for this program include the cost of food vouchers in the amount of \$22,402,703.

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

The State of Nevada received nonmonetary assistance of PPE during the emergency period of the COVID-19 pandemic with an estimated fair market value of \$10,333,433. The donated PPE was generally provided by donors without information about compliance of reporting requirements associated with federal financial assistance listings or CFDA numbers. The donated PPE is not included in the schedule of expenditure of federal awards.

Note 5 - Identification of COVID-19 Related Awards

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

A. Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor’s report issued:

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

- Governmental Activities
- General Fund
- Highway Fund

Internal control over financial reporting:

Material weaknesses identified? Yes

Significant deficiencies identified not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

FEDERAL AWARDS

Internal control over major program:

Material weaknesses identified? Yes

Significant deficiencies identified not considered to be material weaknesses? Yes

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

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

- Child Nutrition Cluster
- Unemployment Insurance
- Coronavirus Relief Fund
- Emergency Rental Assistance Program
- Title I Grants to Local Educational Agencies
- Education Stabilization Fund
- Low-Income Home Energy Assistance
- CCDF Cluster
- Foster Care – Title IV-E
- Medicaid Cluster
- Presidential Declared Disaster Assistance to Individuals and Households – Other Needs

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

Identification of major programs:

<u>Name of Federal Program</u>	<u>Assistance Listing Number</u>
U.S. Department of Agriculture:	
Pandemic EBT Food Benefits	10.542
SNAP Cluster:	
Supplemental Nutrition Assistance Program (SNAP)	10.551
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557
Child Nutrition Cluster:	
School Breakfast Program	10.553
National School Lunch Program	10.555
Special Milk Program for Children	10.556
Summer Food Service Program for Children	10.559
Child Nutrition Discretionary Grants Limited Availability	10.579
 U.S. Department of Labor:	
Unemployment Insurance	17.225
 U.S. Department of Treasury:	
Coronavirus Relief Fund	21.019
Emergency Rental Assistance Program	21.023
 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
Education Stabilization Fund	84.425
 U.S. Department of Health and Human Services:	
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323
Low-Income Home Energy Assistance	93.568
CCDF Cluster:	
Child Care and Development Block Grant	93.575
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596
Foster Care - Title IV-E	93.658
Children's Health Insurance Program (CHIP)	93.767

Medicaid Cluster:	
State Medicaid Fraud Control Units	93.775
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare Medical Assistance Program	93.777 93.778
U.S. Department of Homeland Security:	
Disaster Grants – Public Assistance	97.036
Presidential Declared Disaster Assistance to Individual and Households – Other Needs	97.050
Dollar threshold used to distinguish between type A and type B programs:	\$30,000,000
Auditee qualified as low-risk auditee:	No

B. Findings – Financial Statement Audit

**2021-001: Unemployment Due from Federal Government
Material Weakness**

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Accurate reconciliation of federal cash on hand balances and related returns and refunds is a key component of internal control.

Condition: Unemployment benefits paid by the Federal government were overdrawn.

Cause: The Department of Employment, Training, and Rehabilitation (DETR) did not have adequate internal controls to provide for the reconciliation of federal cash on hand balances, ACH returns, and refunds to ensure the correct amounts from the Federal government were requested.

Effect: A prior period adjustment of \$65,495,019 was recognized to reduce the amounts receivable from the Federal government in the prior year and \$52,850,558 was noted as overdrawn as of June 30, 2021.

Recommendation: We recommend DETR enhance internal controls to provide for the reconciliation of federal cash on hand balances, ACH returns, and refunds to ensure the correct amounts from the Federal government are requested.

Views of Responsible Officials: Management agrees with this finding.

**2021-002: Unemployment Accounts receivable
Material Weakness**

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Accurate reconciliation of accounts receivable and receipt of appropriate receivable information are key components of internal control.

Condition: Certain accounts receivable for overpayments and the related allowance for doubtful accounts required adjustment to report the balances in accordance with U.S. GAAP.

In addition, certain accounts receivable aging information is not available for employer assessments to allow for appropriate, detailed analysis of the allowance for doubtful accounts.

Cause: The Department of Employment, Training, and Rehabilitation (DETR) did not have adequate internal controls or information available to provide for the appropriate analysis of outstanding accounts receivable and related allowance for doubtful accounts.

Effect: Prior to adjustment, net accounts receivable was overstated by \$130,665,612. In addition, these amounts had an estimated federal impact of \$101,295,272 which reduced the estimated amount payable to the federal government.

Recommendation: We recommend DETR enhance internal controls and generate information to provide for the appropriate analysis of outstanding accounts receivable and related allowance for doubtful accounts.

Views of Responsible Officials: Management agrees with this finding.

**2021-003: Unemployment Revenue and Expense Accrual Adjustments
Material Weakness**

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Accurate opening balances and reversal of prior year accrual entries are key components of internal control.

Condition: Federal revenues and benefits expenses were not accurately reported on an accrual basis.

Cause: The State of Nevada did not have adequate internal controls to ensure prior year closing balances were accurately reflected in the current year opening balances, which caused prior year amounts to be reversed inaccurately in the current year.

Effect: Prior to adjustment, federal revenue and benefits expense were both overstated \$370,233,231.

Recommendation: We recommend the State of Nevada enhance internal controls to ensure closing balances are accurately reflected in the opening balances of the next fiscal year.

Views of Responsible Officials: Management agrees with this finding.

2021-005: Cash and Investments – Classification and Disclosures
Material Weakness

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Proper classification of cash and investment balances and accuracy of disclosures is necessary for the preparation of financial statements in accordance with U.S. GAAP and key components of effective internal control over financial reporting.

Condition: Restricted cash balances, related to unspent bond proceeds, were not appropriately presented in the financial statements and cash and investment disclosures were not accurate.

Cause: The State of Nevada Controller’s Office did not have adequate internal controls to ensure appropriate classification of unspent bond proceeds and accuracy of cash and investment disclosures.

Effect: Prior to adjustment, restricted cash balances for unspent bond proceeds were understated by \$174,195,712.

The cash and investment disclosures in Note 3 required the following updates:

- Money market mutual funds totaling \$646,343,260 were duplicated in both deposits and investment balances.
- Investment maturities were originally understated by \$4,319,432,000
- Quality ratings were originally overstated by \$58,336,000
- Fair value balances were originally overstated by \$277,121,000
- Various other adjustments were required for classifications of securities, disclosures on net asset value and discretely presented component units.

Recommendation: We recommend the Controller’s Office enhance internal controls to ensure appropriate classification of unspent bond proceeds and accuracy of investment disclosures.

Views of Responsible Officials: Management agrees with this finding.

**2021-007: Highway Fund – Inventory Balance
Material Weakness**

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

Condition: Physical inventory counts are performed during the months of April through June each year; however, inventory reports used to record the inventory balance stockpile by locations throughout the State of Nevada did not agree to the balance recorded by the Nevada Department of Transportation (NDOT). In addition, during our audit procedures the invoices provided to support inventory pricing significantly varied from the unit prices used in the inventory balance. Unit prices could not be verified for stockpile related items.

Cause: The State of Nevada Department of Transportation (NDOT) did not have internal controls to ensure its stockpile inventory was appropriately quantified or valued. Stockpile amounts reported in inventory are not adequately reviewed for reasonableness and accuracy.

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

Recommendation: We recommend NDOT implement internal controls, which includes a review of stockpile quantities and prices, to ensure its stockpile inventory is appropriately valued.

Views of Responsible Officials: Management agrees with this finding.

**2021-008: Capital Assets – CIP, Infrastructure, and Rights-of-way
Material Weakness**

<i>Criteria:</i>	Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Proper recording of changes to construction in progress, infrastructure, and rights of way is a key component of effective internal control over financial reporting.
<i>Condition:</i>	Some assets were double counted and included in infrastructure and construction in progress. Moreover, some additions to infrastructure and rights-of-way assets were already recorded in the prior year. Lastly, some additions were recorded in the current year, which should have been recorded in the prior year.
<i>Cause:</i>	The State of Nevada Department of Transportation (NDOT) did not have adequate internal controls to properly roll-forward and reconcile capital asset balances. Review of on-going and completed projects was not adequate to ensure assets were removed from construction in progress when completed and the project roll-forward was accurate and consistent (assets not duplicated between years).
<i>Effect:</i>	The following errors were noted: <ul style="list-style-type: none">▪ \$133,775,285 of infrastructure and rights-of-way were included in the current year, that were already completed and recognized in the prior year.▪ \$100,604,611 of construction in progress was duplicated with amounts recorded in infrastructure and rights-of-way.▪ \$10,378,856 of current year construction in progress that should have been recorded in the prior year.▪ \$23,800,594 reduction of current year construction in progress as it should not have been recorded in the prior year.
<i>Recommendation:</i>	We recommend NDOT enhance internal controls to properly roll-forward and reconcile capital assets. These internal controls should include a review of on-going and completed projects for accuracy and to avoid duplication of assets.
<i>Views of Responsible Officials:</i>	Management agrees with this finding.

**2021-009: Highway Fund – Accounts Receivable and Deferred Inflows
Significant Deficiency**

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Proper reconciliation and recording of accounts receivable and deferred inflows of resources is a key component of effective internal control over financial reporting.

Condition: Amounts billed and collected after June 30, 2021, which related to the fiscal year for motor carrier fuel and registration fees were not accurately reported.

Cause: The Nevada Department of Motor Vehicles (DMV) did not have adequate internal controls to properly summarize and report subsequent collections of motor carrier fuel and registration fees.

Effect: Accounts receivable and deferred inflows of resources were both overstated by \$2,934,591.

Recommendation: We recommend the DMV enhance internal controls to properly summarize and report subsequent collections of motor carrier fuel and registration fees.

Views of Responsible Officials: Management agrees with this finding.

**2021-011: Medicaid and CHIP Estimated Receivables and Liabilities
Material Weakness**

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly calculating and valuing significant estimates in a timely and accurate manner is a key component of effective internal control over financial reporting.

Condition: Estimates for Medicaid and Children Health Insurance Program (CHIP) incurred but not reported (or processed) claims and related amounts due from the federal government were not reasonable.

Cause: The Medicaid and CHIP estimates were calculated using reports from the Medicaid Management Information System (MMIS). However, the reports were run prior to significant data being captured in the system (in early August rather than in October or November) both in the current and prior year. These estimates are developed using subsequent claims and payments, of at a minimum at least 60-120 days after year end, to ensure accuracy and precision.

The State of Nevada Division of Health Care Financing and Policy did not have adequate internal controls to develop the Medicaid and CHIP claim estimates using appropriate data and assumptions.

Effect: Prior to adjustment, the following errors were noted for Medicaid and CHIP related amounts:

- Receivables were understated by \$74,604,849
- Unavailable revenues were overstated by \$52,697,879
- Liabilities were understated by \$107,071,335
- Revenues were understated by \$43,443,361
- Expenses were understated by \$11,023,361
- Beginning fund balance was overstated by \$12,188,607

Recommendation: We recommend the Division of Health Care Financing and Policy enhance internal controls to develop the Medicaid and CHIP claim estimates using appropriate data and assumptions. Reports from the MMIS should be developed using significant, relevant data and through the correct time period.

Views of Responsible Officials: Management agrees with this finding.

**2021-013: Medicaid and CHIP Expenses and Accounts Payable
Material Weakness**

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Ensuring expenses are recorded in the appropriate time period is a key component of effective internal control over financial reporting.

Condition: Certain payments for Medicaid and Children Health Insurance Program (CHIP) claims were not recorded in the appropriate fiscal year.

Cause: The Nevada Division of Health Care Financing and Policy did not have adequate internal controls to ensure Medicaid and CHIP capitation claims and disproportionate share hospital (DSH) payments were recorded in the proper period.

Effect: A prior period adjustment was required for \$252,740,971 in the General Fund for capitation claims that were recorded in fiscal year 2021 that should have been recorded in fiscal year 2020. In addition, \$11,331,575 in DSH payments were also recorded in fiscal year 2021 that should have been recorded in fiscal year 2020.

Recommendation: We recommend the Division of Health Care Financing and Policy enhance internal controls to ensure Medicaid and CHIP capitation claims and DSH payments are recorded in the proper period.

Views of Responsible Officials: Management agrees with this finding.

**2021-014: Internal Balances - Due To/From and Transfers
Material Weakness**

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Proper reconciliation and presentation of internal balances and activity, such as due to/from component units and interfund transfers is a key component of effective internal control over financial reporting.

Condition: Interfund transfers were reported at net and not reported at gross, as required. In addition, amounts recorded as due to component units and amounts due from the primary government did not agree with each other and were not appropriately recorded.

Cause: The State of Nevada Controller's Office did not have adequate internal controls to ensure internal balances and activity were appropriately communicated, recorded, and reported.

Effect: Prior to adjustment, the following errors were noted:

General Fund

Overstatement of Due From Other Funds by \$24,701,943
Overstatement of Due To Other Funds by \$24,701,943
Understatement of Transfers In by \$29,462,161
Overstatement of Intergovernmental Revenue by \$29,462,161

Highway Fund

Overstatement of Due From Other Funds by \$24,701,943
Overstatement of Due To Other Funds by \$24,701,943

Consolidated Bond Interest and Redemption Fund

Understatement of Transfers In by \$419,924
Overstatement of Intergovernmental Revenue by \$419,924

CIP University System Fund

Overstatement of Due To Component Unit by \$2,778,699
Overstatement of Interest and Investment Income by \$536,786
Understatement of Transfers Out by \$29,882,085
Understatement of Education Expenses by \$69,559,670
Understatement of Transfers In by \$60,779,438
Understatement of Beginning Fund Balance by \$41,977,801

CIP Bond Proceeds Fund

Overstated Education Expenses by \$60,779,438
Understated Transfers Out by \$60,779,438

Discretely Presented Component Unit

Overstatement of Due From Primary Government by \$30,026,699

Understatement of Accounts Receivable by \$2,778,699

Understatement of Payments From State by \$131,155,801

Overstatement of Beginning Net Position by \$158,403,801

Recommendation:

We recommend the Controller's Office enhance internal controls to ensure internal balances and activity are appropriately communicated, recorded, and reported.

Views of Responsible Officials:

Management agrees with this finding.

**2021-015: Net Position - Net Investment in Capital Assets
Material Weakness**

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Proper calculation and reconciliation of the components of net position is a key component of effective internal control over financial reporting.

Condition: Net Investment in Capital Assets was not calculated correctly due to capital asset related deferred charges on refunding being excluded from the calculation.

Cause: The State of Nevada Controller's Office identified capital asset related deferred charges on refunding. However, the Controller's Office did not have adequate internal controls to ensure the amounts identified were included in the calculation of Net Investment in Capital Assets.

Effect: An inappropriate calculation method could potentially lead to a material misstatement of the components and classification of net position. The misstatement was \$17,617,914 for an understatement in Net Investment in Capital Assets and overstatement in Unrestricted Net Position.

Recommendation: We recommend the Controller's Office enhance internal controls to ensure capital asset related deferred charges on refunding are included in the calculation of Net Investment in Capital Assets.

Views of Responsible Officials: Management agrees with this finding.

**2021-016: Highway Fund – Developer Deposits
Material Weakness**

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

Condition: Developer deposits were recognized as revenue before they were earned.

Cause: The State of Nevada Department of Transportation did not have adequate internal controls to ensure developer deposits were recognized as revenue only when they were non-refundable to the developer.

Effect: Revenue related to developer deposits was recognized improperly in the prior year for \$1,000,000. Refunds were made in the current year and as a result, beginning fund balance is overstated by \$1,000,000 and current year revenue is understated by \$1,000,000.

Recommendation: We recommend the Department of Transportation enhance internal controls to ensure developer deposits are recognized as revenue only when they are non-refundable to the developer.

Views of Responsible Officials: Management agrees with this finding.

**2021-017: Overall Control Environment and Control Activities
Material Weakness**

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting.

Condition: Analysis, review, and reconciliation of financial reporting information received by the Controller's Office from the various state agencies is not operating effectively.

Cause: Financial reporting information received from the various state agencies is frequently misstated or otherwise in error. However, the State of Nevada Controller's Office does not have adequate internal controls to effectively analyze, review, and reconcile this information. In some cases, information is compiled for financial reporting rather than analyzed and reviewed for material error.

Effect: Materially misstated information is compiled and recorded for financial reporting. As a result, our audit procedures identified adjustments for:

- Cash and Investments
- Accounts Receivable
- Inventory
- Capital Assets
- Accounts Payable
- Unearned Revenue
- Unavailable Revenue
- Internal Balances (Receivables, Payables, and Transfers)
- Revenue
- Expenses
- Fund Balance/Net Position

Recommendation: We recommend the Controller's Office enhance internal controls to effectively analyze, review, and reconcile information received from the various state agencies.

Views of Responsible Officials: Management agrees with this finding.

C. Findings and Questioned Costs – Major Federal Award Programs

2021-018: U.S. Department of Agriculture
SNAP Cluster:
Supplemental Nutrition Assistance Program (SNAP), 10.551
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, 10.561

U.S. Department of Health and Human Services
CCDF Cluster:
Child Care and Development Block Grant, 93.575
Child Care Mandatory and Matching Funds of the Child Care and Development Fund, 93.596
Low-income Home Energy Assistance, 93.568

Medicaid Cluster:
State Medicaid Fraud Control Units, 93.775
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare, 93.777
Medical Assistance Program (Medicaid; Title XIX), 93.778
Children’s Health Insurance Program (CHIP), 93.767

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

Grant Award Number: Affects all grant awards included under assistance listings 10.561, 93.575, 93.596, 93.568, 93.778, and 93.767 on the Schedule of Expenditures of Federal Awards.

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

Condition: Allocation statistics used in cost allocation did not agree to the underlying support and the internal review process was not documented.

Cause: The Nevada Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to document review of allocation statistics and ensure that the allocation statistics were accurate.

Effect: Administrative costs claimed were inaccurate.

Questioned Costs: None as known and projected questioned costs are less than \$25,000.

<i>Context/Sampling:</i>	A nonstatistical sample of two out of four quarters was selected for testing. Some allocations based on full-time equivalents (FTE's) were not supported by the underlying data for both quarters. In addition, there was no evidence of review.
<i>Repeat Finding from Prior Year:</i>	Yes – prior year finding 2020-023.
<i>Recommendation:</i>	We recommend the Division enhance internal controls to document review of allocation statistics and ensure that the allocation statistics are accurate.
<i>Views of Responsible Officials:</i>	The Nevada Division of Welfare and Supportive Services agrees with this finding.

2021-019: U.S. Department of Agriculture
SNAP Cluster:
Supplemental Nutrition Assistance Program (SNAP), 10.551
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, 10.561

Subrecipient Monitoring
Significant Deficiency in Internal Control over Compliance

Grant Award Number: Affects all grant awards included under assistance listing 10.561 on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.332 requires that:

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

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

Cause: The Nevada Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure risk assessment was performed.

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

Questioned Costs: None

Context/Sampling: A non-statistical sample of seven subrecipients out of a population of 24 was selected for testing. Risk assessment was not performed for all seven subrecipients.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division implement internal controls to ensure risk assessment is performed.

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

2021-020: U.S. Department of Agriculture
Child Nutrition Cluster:
School Breakfast Program, 10.553
National School Lunch Program, 10.555
Special Milk Program for Children, 10.556
Summer Food Service Program for Children, 10.559
Child Nutrition Discretionary Grants Limited Availability, 10.579

Activities Allowed or Unallowed/Allowable Cost Principles and Cash Management
Material Weakness in Internal Control over Compliance

Grant Award Number: Affects all grant awards included under assistance listings 10.553, 10.555, 10.556, 10.559 and 10.579 on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) section 200.334 provides that records pertinent to a federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respective, as reported to the federal awarding agency or pass-through entity in the case of a subrecipient.

Uniform Guidance section 200.403 provides that costs must be adequately documented in order to be allowable.

Uniform Guidance section 200.305 provides that payment methods must minimize the time elapsing between the transfer of funds from the pass-through entity and the disbursement by the subrecipient.

Condition: Transaction records were not retained, resulting in the inability to determine compliance.

Cause: The Nevada Department of Agriculture (the Department) did not have adequate internal controls to ensure appropriate document retention.

Effect: Unallowable costs may have been charged to the federal awards and payments to subrecipients may not have followed the timing requirements.

Questioned Costs: \$30,103

Context/Sampling: A nonstatistical sample of 60 transactions out of a population of approximately 1,250 was selected for testing. The total sample tested was \$7,060,246 from a population of \$120,840,577. Support could not be provided for three transactions totaling \$30,103 as well as two other credit adjustments for \$(6,576).

*Repeat Finding from
Prior Year:*

No

Recommendation:

We recommend the Department enhance internal controls to ensure appropriate document retention.

*Views of Responsible
Officials:*

The Nevada Department of Agriculture agrees with this finding.

2021-021: U.S. Department of Agriculture
Child Nutrition Cluster:
School Breakfast Program, 10.553
National School Lunch Program, 10.555
Special Milk Program for Children, 10.556
Summer Food Service Program for Children, 10.559
Child Nutrition Discretionary Grants Limited Availability, 10.579

Cash Management

Material Weakness in Internal Control over Compliance and Material Noncompliance

Grant Award Number: Affects all grant awards included under assistance listings 10.553, 10.555, 10.556, 10.559 and 10.579 on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.334 provides that records pertinent to a federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respective, as reported to the federal awarding agency or pass-through entity in the case of a subrecipient.

The Uniform Guidance section 200.305 provides that payments are governed by the Treasury-State Cash Management Improvement Act (CMIA) agreements for disbursement of federal funds.

Condition: Transaction records were not retained, resulting in the inability to determine compliance with the State's Treasury-State Agreement.

Cause: The Nevada Department of Agriculture (the Department) did not have adequate internal controls to ensure appropriate document retention.

Effect: The Department may not be in compliance with the Treasury-State Agreement.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of nine transactions totaling \$5,307,069 out of a population of 57 totaling \$122,338,845 was selected for testing. Documentation regarding the underlying expenditures and check run the federal draw was receipted for could not be provided for five transactions totaling \$95,535.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Department enhance internal controls to ensure appropriate document retention.

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

2021-022: U.S. Department of Agriculture
Child Nutrition Cluster:
School Breakfast Program, 10.553
National School Lunch Program, 10.555
Special Milk Program for Children, 10.556
Summer Food Service Program for Children, 10.559
Child Nutrition Discretionary Grants Limited Availability, 10.579

Special Tests and Provisions – Accountability for USDA-Donated Foods
Material Weakness in Internal Control over Compliance

Grant Award Number: Affects all grant awards included under assistance listings 10.553, 10.555, 10.556, 10.559 and 10.579 on the Schedule of Expenditures of Federal Awards.

Criteria: Distributing and sub distributing agencies (as defined at 7 CFR section 250.3) must maintain accurate and complete records with respect to the receipt, distribution, and inventory of USDA-donated foods, including end products processed from donated foods. Failure to maintain records required by 7 CFR section 250.16 shall be considered prima facie evidence of improper distribution or loss of donated foods (7 CFR sections 250.16(a)(6) and 250.15(c)).

Condition: Year-end physical inventory observations performed by the Nevada Department of Agriculture could not be rolled forward, using receipt and distribution records, to the physical inventory observation performed during the audit.

Cause: The Department did not have adequate internal controls to ensure accurate roll-forward reconciliations of inventory balances.

Effect: Year-end inventory balances may not be accurate.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of 26 commodities out of a population of 34 was selected for roll-forward testing. The year-end physical inventory count was performed on June 21, 2021 and the roll-forward was performed to subsequent inventory counts on November 29, 2021 and December 2, 2021 (depending on location of warehouse). The Department was unable to reconcile 19 of the 26 commodities tested. Variances ranged from 172 additional units to 68 fewer units, depending on the commodity.

Repeat Finding from Prior Year: None

Recommendation: We recommend the Department enhance internal controls to ensure accurate roll-forward reconciliations of inventory balances.

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

2021-023: U.S. Department of Agriculture
Child Nutrition Cluster:
School Breakfast Program, 10.553
National School Lunch Program, 10.555
Special Milk Program for Children, 10.556
Summer Food Service Program for Children, 10.559
Child Nutrition Discretionary Grants Limited Availability, 10.579

Other
Material Weakness in Internal Control over Compliance

Grant Award Number: Affects the *National School Lunch Program Commodities* and *Summer Food Service Program Commodities* grant awards included under assistance listings 10.555 and 10.559 on the Schedule of Expenditures of Federal Awards.

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).

The Uniform Guidance section 200.502 provides that food commodities received from a federal awarding agency be included on the SEFA.

Condition: Food commodities received from the federal awarding agency were not originally reported on the SEFA.

Cause: The Nevada Department of Agriculture (the Department) did not have adequate internal controls to ensure food commodities were appropriately reported on the SEFA.

Effect: Prior to correction, the SEFA was understated by \$3,502,717.

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 food commodities are appropriately reported on the SEFA.

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

**2021-024: U.S. Department of Agriculture
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), 10.557**

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

Grant Award Number: Affects all grant awards included under assistance listing 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.

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

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.

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 approximately 3,000 was selected for testing, including 12 contracts subject to Appendix II to Part 200. Eight of the contracts were missing certain applicable provisions.

Repeat Finding from Prior Year: Yes - prior year finding 2020-012.

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 Public and Behavioral Health agrees with this finding.

**2021-025: U.S. Department of Labor
Unemployment Insurance, CFDA 17.225**

**U.S. Department of Homeland Security
Presidential Declared Disaster Assistance to Individuals and Households – Other Needs, 97.050**

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

Grant Award Number: Affects all grant awards included under assistance listings 17.225 and 97.050 on the Schedule of Expenditures of Federal Awards.

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

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

Payment for supplemental lost wages (LWA) was authorized under the “Other Expenses” category of Other Needs Assistance (ONA), in accordance with section 408(e)(2) of the Stafford Act, to eligible individuals of the State of Nevada, under the condition that an eligible individual means recipient of at least \$100 per week of various applicable unemployment compensation programs (i.e., unemployment compensation, extended benefits, pandemic unemployment assistance, etc.).

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

<i>Cause:</i>	The Nevada Department of Employment, Training, and Rehabilitation (the Department) did not have the staffing levels, information system data analytic controls or manual internal controls in place to respond to the significant surge of unemployment claims as a result of the COVID-19 pandemic. Claims were paid strictly based off claimant certifications.
<i>Effect:</i>	Payments were made to ineligible claimants or for an incorrect amount.
<i>Questioned Costs:</i>	Known questioned costs of \$47,134 for assistance listing 17.225 and \$5,100 for assistance listing 97.050, projected questioned costs are undeterminable.
<i>Context/Sampling:</i>	A nonstatistical sample of 60 PUA claimants out of approximately 100,000 was selected for testing. The sample of 60 PUA claimants also included 36 claimants who received LWA because of their PUA eligibility. We noted ten claimants who were either ineligible or had a high suspicion of fraud and the Department has subsequently identified as overpayments. Of the ten claimants, we noted four also received LWA. In addition, we noted one claimant's benefit amount had an unreconciled understatement by \$126.
<i>Repeat Finding from Prior Year:</i>	Yes – prior year finding 2020-014.
<i>Recommendation:</i>	We recommend the Department continue to improve and enhance information system internal controls to enhance data analytics as well as manual internal controls to better detect and prevent fraud.
<i>Views of Responsible Officials:</i>	The Nevada Department of Employment, Training and Rehabilitation agrees with this finding.

**2021-026: U.S. Department of Labor
Unemployment Insurance, 17.225**

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

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

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

Monthly, the Nevada Department of Employment, Training and Rehabilitation (the Department) must submit the *ETA 2112 UI Financial Transaction Summary* as directed by the *Employment & Training Administration Handbook*.

Condition: Amounts reported on the ETA 2112 were misreported by category (benefit type).

Cause: The Department did not have adequate internal controls to ensure benefit payments were appropriately categorized by type.

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

Questioned Costs: None

Context/Sampling: A nonstatistical sample of four out of 12 monthly reports was selected for testing. Pandemic Unemployment Assistance, Line 23C, was overstated by \$1,589,382. Federal Emergency Compensation, Line 23, was understated by \$1,588,107, and \$1,276 of Extended Unemployment Compensation was not reported for the period ending December 31, 2020 report.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Department enhance the internal controls to ensure benefit payments are appropriately categorized by type.

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

**2021-027: U.S. Department of Labor
Unemployment Insurance, 17.225**

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

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

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

As directed by the *Employment & Training Administration Handbook*, the Nevada Department of Employment, Training and Rehabilitation (the Department) must submit the quarterly *ETA UI-3, Quarterly UI Above-Base* report within 30 days after the end of the reporting quarter. In addition, the Department must submit the monthly *ETA 9055 – Appeals Case Aging – Lower and Higher Authority Appeals* report within 20 days after the end of the reporting month.

Condition: Reports were not submitted timely.

Cause: The Department did not have adequate internal controls to ensure due dates for the ETA UI-3 and ETA 9055 were met.

Effect: Non-timely information was reported to the federal awarding agency.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of two out of four quarterly ETA UI-3 reports was selected for testing. The December 31, 2020 quarter end report was reported on February 10, 2021. A nonstatistical sample of three out of 12 monthly ETA 9055 was selected for testing. The May 31, 2021 month end report was reported on June 23, 2021.

*Repeat Finding from
Prior Year:* No

Recommendation: We recommend the Department enhance the internal controls to ensure due dates for the ETA UI-3 and ETA 9055 are met.

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

**2021-028: U.S. Department of Labor
Unemployment Insurance, 17.225**

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

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

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

Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.303 provides that non-federal entities must establish and maintain effective internal control that provides reasonable assurance that the non-federal entity is managing the Federal award in compliance federal statutes, regulations, and the terms and conditions of the federal award.

State of Nevada, Department of Employment, Training and Rehabilitation, Manual of Operations, Chapter 7800, Part V, Section 7862 Supervisor Case Review states that the supervisor review is intended as a final check of information gathered and processed during the audit to ensure horizontal consistency, consistent and correct coding, and ensure all required elements are complete and included. Items/Areas of concern will be addressed to the investigator of the case and resolved prior to closing the case.

Condition: Investigations performed by the BAM supervisor or senior investigator are not reviewed by someone other than the investigator.

Cause: The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have internal controls to ensure appropriate segregation of duties on all BAM investigations.

Effect: Errors may occur in a BAM investigation that are not detected.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of 60 completed BAM cases out of a population of 335 was selected for testing. The investigator and reviewer were the same person for 19 of the cases tested.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Department implement internal controls to ensure appropriate segregation of duties on all BAM investigations.

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

**2021-029: U.S. Department of Labor
Unemployment Insurance, 17.225**

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

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

Criteria: 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).

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 were appropriately reported on the SEFA.

Effect: Prior to correction, the total federal expenditures on the SEFA were understated by \$1,000,255,411.

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 Employment, Training, and Rehabilitation agrees with this finding.

**2021-030: U.S. Department of the Treasury
Coronavirus Relief Fund, 21.019**

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

Grant Award Number: Affects all grant awards included under assistance listing 21.019 on the Schedule of Expenditures of Federal Awards.

Criteria: The *OMB Compliance Supplement* requires that reports submitted to the federal awarding agency include all activity of the reporting period, are supported by applicable accounting or performance records, and are fairly presented in accordance with governing requirements.

The Nevada Governor's Finance Office (the Office) must submit quarterly *Financial Progress Reports* that contain COVID-19 related costs incurred during the covered period to Treasury OIG. Critical information includes:

- The total amount of payments received from Treasury.
- The amount of funds received that were expended or obligated for each project or activity.
- A detailed list of all projects or activities for which funds were expended or obligated.
- Detailed information on any loans issued; contracts and grants awarded; transfers made to other government entities; and direct payments made that are greater than \$50,000.
- Aggregated reporting on loans issued; contracts and grants awarded; transfers made to other government entities; and direct payments made that are less than \$50,000. Aggregate reporting was required for direct payments to individuals, regardless of the amount.

Condition: Some expenditures were not reported in the appropriate classification or by vendor.

Cause: The Office did not have adequate internal controls to ensure *Financial Progress Reports* were prepared in accordance with governing requirements.

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

Questioned Costs: None

Context/Sampling: A nonstatistical sample of two *Financial Progress Reports* from a population of four was selected for testing. Transfers to other agencies within the State were reported as direct payments to the State of Nevada rather than reported by the vendor that those agencies expended funds to. In addition, expenditures to county or city local governments were reported as direct payments rather than either a transfer or grant to another government as required.

The cumulative impact is as follows:

Reporting Period Ended December 31, 2020

Direct payments > \$50,000:

Obligations were reported as \$416,058,918. However, we identified \$412,272,052 in obligations that were reported as a direct payment to other state agencies, counties, or cities. The \$412,272,052 should have been reported by vendor as either a contract, grant, transfer, vendor specific (rather than state agency, county, or city) direct payment, or an aggregate payment to an individual.

Expenditures were reported as \$187,234,819. However, we identified \$183,766,783 in expenditures that were reported as a direct payment to other state agencies, counties, or cities. The \$183,766,783 should have been reported by vendor as either a contract, grant, transfer, vendor specific (rather than state agency, county, or city) direct payment, or aggregate payment to an individual.

Reporting Period Ended March 31, 2021

Direct payments > \$50,000:

Obligations were reported as \$372,218,344. However, we identified \$366,450,228 in obligations that were reported as a direct payment to other state agencies, counties, or cities. The \$366,450,228 should have been reported by vendor as either a contract, grant, transfer, vendor specific (rather than state agency, county, or city) direct payment, or aggregate payment to an individual.

Expenditures were reported as \$21,125,116. However, we identified \$20,659,027 in expenditures that were reported as a direct payment to other state agencies, counties, or cities. The \$20,659,027 should have been reported by vendor as either a contract, grant, transfer, vendor specific (rather than state agency, county, or city) direct payment, or aggregate payment to an individual.

*Repeat Finding from
Prior Year:*

No

Recommendation:

We recommend the Office enhance internal controls to ensure *Financial Progress Reports* are prepared in accordance with governing requirements.

*Views of Responsible
Officials:*

The Nevada Governor's Finance Office agrees with this finding.

**2021-031: U.S. Department of the Treasury
Coronavirus Relief Fund, 21.019**

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

Grant Award Number: Affects all grant awards included under assistance listing 21.019 on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.332 requires that:

Pass-through entities ensure every subaward includes certain information at the time of the subaward and the assistance listing number is communicated at the time of disbursement to subrecipients.

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

Condition: Subawards did not contain all the required information, assistance listing numbers were not communicated at disbursement, an evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed, and monitoring procedures were not performed.

Cause: Adequate internal controls were not in place to ensure compliance with subrecipient monitoring requirements for the following agencies:

- Nevada Division of Tourism
- Nevada Division of Aging and Disability Services
- Nevada Division of Public and Behavioral Health
- Office of the Secretary of State
- Nevada Department of Agriculture

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

Questioned Costs: None

Context/Sampling: A nonstatistical sample of 36 subrecipients out of a population of 180 across all State agencies was selected for testing. A nonstatistical sample of 60 pass-through payments out of a population of approximately 900 was selected for testing.

The following errors were noted by agency:

Nevada Division of Tourism

We tested 11 subrecipients and 13 pass-through payments applicable to the Division of Tourism. A risk assessment was not performed and the subawards were missing required information for 11 subrecipients. In addition, the assistance listing was not communicated at the time of disbursement for all 13 pass-through payments.

Nevada Division of Aging and Disability Services

We tested one subrecipient applicable to the Division of Aging and Disability Services. A risk assessment was not performed and the subaward was missing the correct assistance listing number for the subrecipient. In addition, monitoring procedures were not performed as necessary to ensure the subaward was used for authorized purposes.

Nevada Division of Public and Behavioral Health

We tested six subrecipients and ten pass-through payments applicable to the Division of Public and Behavioral Health. A risk assessment was not performed for one subrecipient. In addition, the assistance listing was not communicated at the time of disbursement for five pass-through payments. Moreover, two pass-through payments were originally communicated with a different assistance listing and we were unable to verify that documentation regarding the change in funding source was clearly communicated.

Office of the Secretary of State

We tested eight subrecipients applicable to the Office of the Secretary of the State. These eight subrecipients were mis-identified as vendors, rather than subrecipients. Therefore, subawards were not executed for the eight subrecipients and the required information was not communicated.

Nevada Department of Agriculture

We tested nine subrecipients applicable to the Department of Agriculture. A risk assessment was not performed for nine subrecipients.

*Repeat Finding from
Prior Year:*

No

Recommendation:

We recommend the State agencies listed above enhance internal controls to ensure compliance with subrecipient monitoring requirements.

*Views of Responsible
Officials:*

The State of Nevada agrees with this finding.

**2021-032: U.S. Department of Treasury
Emergency Rental Assistance Program, 21.023**

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

Grant Award Number: Affects all grant awards included under assistance listing 21.023 on the Schedule of Expenditures of Federal Awards.

Criteria: All non-procurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended, debarred, or otherwise excluded from participating in the transaction. This verification may be accomplished by checking the System for Award Management (SAM) Exclusions, collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 CFR 200.214, 2 CFR Part 180).

Condition: Suspension and debarment verification procedures were not performed.

Cause: The Nevada Housing Division (the Division) did not have internal controls to ensure suspension and debarment verification procedures were performed for subrecipients.

Effect: Payments could have been made to subrecipients who were suspended or debarred.

Questioned Costs: None

Context/Sampling: The entire population of three subrecipient covered transactions was selected for testing. Suspension and debarment verification procedures were not performed for any of the covered transactions.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division implement internal controls to ensure suspension and debarment verification procedures are performed for subrecipients.

Views of Responsible Officials: The Nevada Housing Division agrees with this finding.

**2021-033: U.S. Department of Treasury
Emergency Rental Assistance Program, 21.023**

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

Grant Award Number: Affects all grant awards included under assistance listing 21.023 on the Schedule of Expenditures of Federal Awards.

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

The *Emergency Rental Assistance Program Reporting Guidance* published by the U.S. Department of Treasury requires monthly *ERA1 Award Reports* based on actual number of participant households served in the reporting period and the total amount of funds expended in the reporting period.

Condition: Amounts reported on the reports were reported in the wrong period.

Cause: The Nevada Housing Division (the Division) did not have adequate internal controls to ensure the monthly *ERA1 Award Reports* were accurate for the period reported.

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

Questioned Costs: None

Context/Sampling: The entire population of two monthly reports filed during the year was selected for testing.

The April 2021 monthly report was understated by 65 participant households served in the reporting period and understated by \$377,241 of funds expended in the reporting period.

The May 2021 monthly report was overstated by 65 participant households served in the reporting period and overstated by \$377,241 of funds expended in the reporting period.

*Repeat Finding from
Prior Year:* No

Recommendation: We recommend the Division enhance internal controls to ensure the monthly *ERA1 Award Reports* are accurate for the period reported.

Views of Responsible Officials: The Nevada Housing Division agrees with this finding.

**2021-034: U.S. Department of Treasury
Emergency Rental Assistance Program, 21.023**

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

Grant Award Number: Affects all grant awards included under assistance listing 21.023 on the Schedule of Expenditures of Federal Awards.

Criteria: The *Grant Agreements* entered into under Section 501 of Division N of the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260 requires the recipient to comply with any reporting obligations established by Treasury, including the Treasury Office of Inspector General, as related to the grant agreement.

The *Emergency Rental Assistance Program Reporting Guidance* published by the U.S. Department of Treasury requires quarterly financial reporting through the *Federal Financial Report (SF-425)*.

Condition: Quarterly SF-425 reports were not prepared and submitted.

Cause: The Nevada Housing Division (the Division) did not have internal controls to identify the reporting requirements and ensure required reports were submitted.

Effect: Information was not reported to the federal awarding agency as required.

Questioned Costs: None

Context/Sampling: No reports were tested as they were not completed.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division implement internal controls to identify reporting requirements and ensure required reports are submitted.

Views of Responsible Officials: The Nevada Housing Division agrees with this finding.

**2021-035: U.S. Department of Treasury
Emergency Rental Assistance Program, 21.023**

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

Grant Award Number: Affects all grant awards included under assistance listing 21.023 on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.332 requires that:

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

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

Condition: Subawards did not contain all the required information, an evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed, and monitoring procedures were not performed.

Cause: The Nevada Housing Division (the Division) did not have internal controls to ensure compliance with subrecipient monitoring requirements.

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

Questioned Costs: None

Context/Sampling: The entire population of three subrecipients was selected for testing. Risk assessment and monitoring was not performed for all three subrecipients. In addition, every subaward was missing required information.

Repeat Finding from Prior Year: No

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

Views of Responsible Officials: The Nevada Housing Division agrees with this finding.

**2021-036: U.S. Department of Education
 Title I Grants to Local Educational Agencies, 84.010**

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

Grant Award Number: Affects all grant awards included under assistance listing 84.010 on the Schedule of Expenditures of Federal Awards.

Criteria: The Federal Funding Accountability and Transparency Act (FFATA) requires direct recipients of certain federal awards to report subaward information by the end of the month following the month in which the prime awardee obligates a subgrant award equal to \$30,000 (or \$25,000 for federal agencies that have not yet adopted amendments effective November 12, 2020).

Condition: Required subaward information was not reported in the FFATA Subaward Reporting System (FSRS).

Cause: The Nevada Department of Education (the Department) did not have internal controls to ensure subaward information was submitted in accordance with the FFATA.

Effect: Subaward obligations were not reported in the FSRS and therefore not included on the FFATA’s website for public information disclosure.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of 8 out of a population of 30 applicable subaward obligations was selected for testing. The quantity and subaward obligation errors were noted as follows:

	Subawards	Obligations
Total Tested	8	\$1,963,068
Not Reported	8	\$1,963,068
Not Timely	8	\$1,963,068
Obligation Incorrect	8	\$1,963,068
Missing Key Elements	8	\$1,963,068

*Repeat Finding from
 Prior Year:* No

Recommendation: We recommend the Department implement internal controls to ensure subaward information is submitted in accordance with the FFATA.

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

2021-037: U.S. Department of Education
Special Education Cluster:
Special Education-Grants to States, 84.027
Special Education-Preschool Grants, 84.173

Earmarking
Significant Deficiency in Internal Control over Compliance

Grant Award Number: Affects grant award H173A180046 included under assistance listing 84.173.

Criteria: A State Educational Agency (SEA) may use not more than 20 percent of the funds it is allowed to retain for state activities under 20 USC 1419(d) for the purposes of administering the Preschool Grants Program.

Condition: Administrative expenses exceeded the maximum allowable.

Cause: The Nevada Department of Education (the Department) did not have adequate internal controls to ensure administrative expenditures did not exceed the maximum available to spend.

Effect: Monies available for other state level activities or amounts available to subgrant to Local Educational Agencies (LEAs) were under-allocated.

Questioned Costs: None reported as the amount is less than \$25,000.

Context/Sampling: We tested all final expenditure totals on the grant that closed during the audit period. The maximum available for administrative expenditures was \$117,541 and the actual amount spent was \$121,085.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Department enhance internal controls to ensure administrative expenditures do not exceed the maximum available to spend.

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

**2021-038: U.S. Department of Education
Education Stabilization Fund, 84.425**

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

Grant Award Number: Affects all grant awards included under assistance listing 84.425 on the Schedule of Expenditures of Federal Awards.

Criteria: The *OMB Compliance Supplement* provides that State Education Agencies submit annual reports over Governor’s Emergency Education Relief (GEER) and Elementary and Secondary School Emergency Relief (ESSER) Grants as follows:

Direct recipients of ESSER I grants must submit an annual report (OMB No. 1810-0749) with data for the following categories:

- Overall ESSER I fund grant for State Education Agency (SEA);
- SEA Reserve;
- Mandatory subgrants to Local Education Agency (LEA), Section 18003(c) of the CARES Act and Section 313(c) of the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act;
- Student participation and engagement; and
- Full-time equivalent positions.

Direct recipients of GEER grants must submit an annual report (OMB No 1810-0748) with data for the following categories:

- Types of entities within the state that were awarded GEER funds;
- Funding conditions or requirements on GEER awards for LEAs and IHEs to ensure that the funds were spent on specific purposes or activities;
- Amounts expended and the purposes for which the funds were expended by an LEA;
- For each IHE awarded GEER funds from the state, the amount expended and additional information if GEER funds were used by the IHE to provide financial aid to students at IHE;
- The amount awarded and expended by each education related entity, including:
 - Which populations of students were or will be served by the entity?
 - Did the funding awarded to the entity support distance learning and remote education or provide financial support to students?
- FTE positions for LEAs, IHEs, or Educational Entities; and
- The number of K-12 schools that received GEER funds or received services paid for with GEER funds.

Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.303 provides that non-federal entities must establish and maintain effective internal control that provides reasonable assurance that the non-federal entity is managing the federal award in compliance Federal statutes, regulations, and the terms and conditions of the federal award.

<i>Condition:</i>	Certain obligated amounts to LEAs were reported inaccurately. Certain expenditure purposes or activities, student enrollment, and amounts awarded were not reported. In addition, there was no evidence of review and approval (segregation of duties) between the preparer and reviewer of these reports.
<i>Cause:</i>	The Nevada Department of Education (the Department) did not have internal controls to identify required information to be reported and ensure accuracy.
<i>Effect:</i>	Inaccurate or incomplete information was reported to the federal awarding agency.
<i>Questioned Costs:</i>	None
<i>Context/Sampling:</i>	Two annual reports were required to be filed in the State Fiscal Year, one for GEER and one for ESSER. Both reports were selected for testing. The errors were noted as follows: <u>ESSER 3/13/2020 through 9/30/2020 Report</u> <ul style="list-style-type: none">• The SEA Reserve was not reported.• Expended amounts were not reported for any applicable purpose.• Student participation and engagement was not reported.• Full-time equivalent positions were not reported.• One of the 21 mandatory subgrant obligations was reported at \$814,540, rather than \$81,454.• One of the 21 mandatory subgrant obligations was reported at \$76,517 and no underlying support was available for review. <u>GEER 3/13/2020 through 9/30/2020 Report</u> <ul style="list-style-type: none">• Amounts expended and the purposes for which they were expended by an LEA was not reported.• Expended amounts were not reported for any applicable purpose.• IHE related information was not reported.• Full-time equivalent positions were not reported.
<i>Repeat Finding from Prior Year:</i>	No

Recommendation: We recommend the Department implement internal controls to identify required information to be reported and ensure accuracy.

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

**2021-039: U.S. Department of Education
Education Stabilization Fund, 84.425**

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

Grant Award Number: Affects all grant awards included under assistance listing 84.425 on the Schedule of Expenditures of Federal Awards.

Criteria: The Federal Funding Accountability and Transparency Act (FFATA) requires direct recipients of certain federal awards to report subaward information by the end of the month following the month in which the prime awardee obligates a subgrant award equal to \$30,000 (or \$25,000 for federal agencies that have not yet adopted amendments effective November 12, 2020).

Condition: Required subaward information was not reported in the FFATA Subaward Reporting System (FSRS).

Cause: The Nevada Department of Education (the Department) did not have internal controls to ensure subaward information was submitted in accordance with the FFATA.

Effect: Subaward obligations were not reported in the FSRS and therefore not included on the FFATA's website for public information disclosure.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of six out of a population of 38 applicable subaward obligations was selected for testing. The quantity and subaward obligation errors were noted as follows:

	Subawards	Obligations
Total Tested	6	\$7,320,485
Not Reported	6	\$7,320,485
Not Timely	6	\$7,320,485
Obligation Incorrect	6	\$7,320,485
Missing Key Elements	6	\$7,320,485

*Repeat Finding from
Prior Year:* No

Recommendation: We recommend the Department implement internal controls to ensure subaward information is submitted in accordance with the FFATA.

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

**2021-040: U.S. Department of Education
Education Stabilization Fund, 84.425**

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

Grant Award Number: Affects all grant awards included under assistance listing 84.425 on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.332 requires that:

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

Condition: An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed and monitoring procedures were not performed in accordance with established policies.

Cause: The Nevada Department of Education (the Department) did not have adequate internal controls to ensure policies regarding subrecipient monitoring were followed.

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

Questioned Costs: None

Context/Sampling: A nonstatistical sample of 11 out of a population of 55 subrecipients was selected for testing. Risk assessment and monitoring activities were not completed for one of the subrecipients tested.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Department enhance internal controls to ensure policies regarding subrecipient monitoring are followed.

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

**2021-041: U.S. Department of Education
Education Stabilization Fund, 84.425**

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

Grant Award Number: Affects all grant awards included under assistance listing 84.425 on the Schedule of Expenditures of Federal Awards.

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

Condition: Amounts were originally reported incorrectly on the SEFA.

Cause: The Nevada Department of Education (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 amounts passed through to subrecipients on the SEFA were understated by \$1,083,866.

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 Education agrees with this finding.

**2021-042: U.S. Department of Health and Human Services
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC), 93.323**

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

Grant Award Number: Affects all grant awards included under assistance listing 93.323 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 Public and Behavioral Health (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 approximately 2000 was selected for testing, including 17 contracts subject to Appendix II to Part 200. Ten of the contracts were missing certain applicable provisions.

Repeating Finding from Prior Year: No

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 Public and Behavioral Health agrees with this finding.

**2021-043: U.S. Department of Health and Human Services
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC), 93.323**

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

Grant Award Number: Affects grant award 5 NU50CK000560-02-CV included under assistance listing 93.323 on the Schedule of Expenditures of Federal Awards.

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

The terms and conditions of the grant award requires quarterly financial reporting through the *Federal Financial Report (SF-425)*.

Condition: Information reported was not supported by the underlying records.

Cause: The Nevada Division of Public and Behavioral Health did not have adequate internal controls to ensure SF-425 reports were accurate.

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

Questioned Costs: None

Context/Sampling: The entire population of four SF-425's submitted during the audit period was selected for testing. We noted one error on one of the reports where actual expenditures were \$784 higher than reported.

*Repeat Finding from
Prior Year:* No

Recommendation: We recommend the Division enhance internal controls to ensure SF-425 reports are accurate.

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

**2021-044: U.S. Department of Health and Human Services
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC), 93.323**

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

Grant Award Number: Affects grant award 1 NU50CK000560-01 included under assistance listing 93.323 on the Schedule of Expenditures of Federal Awards.

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

The terms and conditions of the grant award requires *Monthly Fiscal Reports* based on actual recorded expenditures.

Condition: Information reported was not supported by the underlying records.

Cause: The Nevada Division of Public and Behavioral Health did not have adequate internal controls to ensure *Monthly Fiscal Reports* were accurate.

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

Questioned Costs: None

Context/Sampling: A nonstatistical sample of seven *Monthly Fiscal Reports* out of a population of 39 was selected for testing. We noted one error on one of the reports where \$658 of actual expenditures were mis-reported between "other expenditures" and "contractual expenditures".

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division enhance internal controls to ensure *Monthly Fiscal Reports* are accurate.

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

**2021-045: U.S. Department of Health and Human Services
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC), 93.323**

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

Grant Award Number: Affects grant award 6 NU50CK000560-01-05 included under assistance listing 93.323 on the Schedule of Expenditures of Federal Awards.

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

The terms and conditions of the grant award requires *Performance Measure Data* based on actual recorded results.

Condition: Information reported was not supported by the underlying records.

Cause: The Nevada Division of Public and Behavioral Health did not have adequate internal controls to ensure *Performance Measure Data* reports were accurate.

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

Questioned Costs: None

Context/Sampling: A nonstatistical sample of two *Performance Measure Data* reports out of a population of 12 was selected for testing. We noted one error on one of the reports where the number of new cases that were identified (or known) as contacts in the previous 14 days was understated by three cases.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division enhance internal controls to ensure *Performance Measure Data* reports are accurate.

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

**2021-046: U.S. Department of Health and Human Services
Low-Income Home Energy Assistance, 93.568**

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

Grant Award Number: Affects all grant awards included under assistance listing 93.568 on the Schedule of Expenditures of Federal Awards.

Criteria: As provided by 42 USC 8624(b)(2), assistance may be provided to:

- Households in which one or more individuals are receiving Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), Supplemental Nutrition Assistance Program (SNAP) benefits, or certain needs-tested veterans' benefits or;
- Households with incomes which do not exceed the greater of 150% of the State's established poverty level, or 60% of the State's median income. Lower income eligibility criteria may be established, but no household may be excluded solely on the basis of income if the household income is less than 110% of the State's poverty level.

The *Low-Income Home Energy Assistance State Plan* (State Plan) establishes and describes assistance benefit levels, which provides for the calculation of a Fixed Annual Credit (FAC) and ultimately, the amount of assistance provided.

Condition: The amount of assistance to provide was not calculated with accurate information.

Cause: The Nevada Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure income reported in the information system agreed to information provided in the application.

Effect: Assistance was provided to a recipient who was not entitled to that amount of assistance.

Questioned Costs: None as known and projected costs are less than \$25,000.

Context/Sampling: A nonstatistical sample of 60 recipients out of a population of approximately 18,600 was selected for testing. We noted an error in the amount of income used in the calculation of benefits for one recipient. The sample totaled \$58,291 in benefits paid and the error was \$24.

*Repeat Finding from
Prior Year:* No

Recommendation:

We recommend the Division enhance internal controls to ensure income reported in the information system agrees to the information provided in the application.

*Views of Responsible
Officials:*

The Nevada Division of Welfare and Supportive Services agrees with this finding.

**2021-047: U.S. Department of Health and Human Services
Low-Income Home Energy Assistance, 93.568**

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

Grant Award Number: Affects all grant awards included under assistance listing 93.568 on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.303 provides that non-federal entities must establish and maintain effective internal control that provides reasonable assurance that the non-federal entity is managing the federal award in compliance federal statutes, regulations, and the terms and conditions of the Federal award.

The *Low-Income Home Energy Assistance State Plan* (State Plan) provides for internal controls related to beneficiary case reviews, in part, as follows:

Supervisors are required to complete a set number of case reviews per worker per month to monitor staff performance. Trainees and staff with performance issues are subject to 100% review prior to the posting of benefits. The Program Manager reviews a subset of the review completed by the supervisors to ensure they are adequately identifying and addressing performance issues.

Condition: Supervisor case reviews were not performed in accordance with the State Plan.

Cause: The Nevada Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure beneficiary case review policies were followed.

Effect: Inaccurate eligibility or benefit determinations may be established and not detected by the Division.

Questioned Costs: None

Context/Sampling: We examined a listing of beneficiary case reviews performed for the entire year. A total of 55 reviews were performed out of approximately 650 that were required to be performed in accordance with the State Plan.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division enhance internal controls to ensure beneficiary case review policies are followed.

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

**2021-048: U.S. Department of Health and Human Services
Low-Income Home Energy Assistance, 93.568**

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

Grant Award Number: Affects grant award 2001NVE5C3 under assistance listing 93.568 on the Schedule of Expenditures of Federal Awards.

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

The Nevada Division of Welfare and Supportive Services (the Division) is required to submit the *LIHEAP Carryover and Reallocation Report* each year, which indicates the amount expected to be carried forward for obligation in the following fiscal year and the planned use of those funds.

Condition: The projected unobligated balance (carryover amount) for CARES Act funds did not agree to the underlying actual unobligated balance and there was no underlying documentation or support to support the variance.

Cause: The Division did not have adequate internal controls to ensure the projected unobligated balance was adequately documented and supported.

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

Questioned Costs: None

Context/Sampling: The one annual report submitted during the audit period was selected for testing. The projected unobligated balance was reported as \$5,020,854 on May 17, 2021. The actual amount was reported separately and prior to the projected amount as \$5,073,444 on January 3, 2021. There was no documentation available to explain why the projected balance was different from the actual balance when the projected balance was reported at a later date.

*Repeat Finding from
Prior Year:* No

Recommendation: We recommend the Division enhance internal controls to ensure the projected unobligated balance is adequately documented and supported.

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

**2021-049: U.S. Department of Health and Human Services
Low-Income Home Energy Assistance, 93.568**

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

Grant Award Number: Affects all grant awards included under assistance listing 93.568 on the Schedule of Expenditures of Federal Awards.

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

The Nevada Housing Division (the Division) is required to submit the *Annual Report on Households Assisted by LIHEAP* for the preceding fiscal year of (1) number and income levels of the households assisted for each component and any type of LIHEAP assistance and (2) the number of households served that contained young children, elderly, or persons with disabilities, or any vulnerable household for each component.

Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.334 provides that records pertinent to a federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respective, as reported to the federal awarding agency or pass-through entity in the case of a subrecipient.

Condition: Supporting documentation was not maintained by the Division for amounts reported and the records provided by subrecipients in the absence of the records not maintained by the Division did not support some of the household information reported.

Cause: The Division did not have internal controls to ensure the underlying records were maintained and reconciled to the submitted report.

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

Questioned Costs: None

Context/Sampling:

The one annual report submitted during the audit period was selected for testing. The underlying household statistics were not maintained by the Division and were requested from subrecipients. Records provided by the subrecipients included data for 71 households. A non-statistical sample of 11 households was selected for testing. Upon testing the records provided by the subrecipients, we noted unreconciled variances for the following:

- Furnace Repair and Replacement: Line 7j, columns A and E, had a variance of 1 household.
- Poverty levels did not agree to the underlying support for three of the households tested.
- Non-Operable status did not agree to the underlying support for three of the households tested.

*Repeat Finding from
Prior Year:*

No

Recommendation:

We recommend the Division implement internal controls to ensure the underlying records are maintained and reconciled to the submitted report.

*Views of Responsible
Officials:*

The Nevada Housing Division agrees with this finding.

**2021-050: U.S. Department of Health and Human Services
 Low-Income Home Energy Assistance, 93.568**

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

Grant Award Number: Affects all grant awards included under assistance listing 93.568 on the Schedule of Expenditures of Federal Awards.

Criteria: The Federal Funding Accountability and Transparency Act (FFATA) requires direct recipients of certain federal awards to report subaward information by the end of the month following the month in which the prime awardee obligates a subgrant award equal to \$30,000 (or \$25,000 for federal agencies that have not yet adopted amendments effective November 12, 2020).

Condition: Required subaward information was not reported in the FFATA Subaward Reporting System (FSRS).

Cause: The Nevada Housing Division (the Division) did not have internal controls to ensure subaward information was submitted in accordance with the FFATA.

Effect: Subaward obligations were not reported in the FSRS and therefore not included on the FFATA’s website for public information disclosure.

Questioned Costs: None

Context/Sampling: We tested the entire population of 4 subawards obligated during the year. The quantity and subaward obligation errors were noted as follows:

	Subawards	Obligations
Total Tested	4	\$538,512
Not Reported	4	\$538,512
Not Timely	4	\$538,512
Obligation Incorrect	4	\$538,512
Missing Key Elements	4	\$538,512

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division implement internal controls to ensure subaward information is submitted in accordance with the FFATA.

Views of Responsible Officials: The Nevada Housing Division agrees with this finding.

**2021-051: U.S. Department of Health and Human Services
Low-Income Home Energy Assistance, 93.568**

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

Grant Award Number: Affects all grant awards included under assistance listing 93.568 on the Schedule of Expenditures of Federal Awards.

Criteria: Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.332 requires that:

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

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

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

Condition: Subawards did not contain all the required information, an evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed, and subrecipients were not monitored to ensure audits required by Uniform Guidance were performed.

Cause: The Nevada Housing Division (the Division) did not have internal controls to ensure compliance with subrecipient monitoring requirements.

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

Questioned Costs: None

Context/Sampling: A nonstatistical sample of two subrecipients out of a population of four was selected for testing. A risk assessment was not performed and the subawards were missing required information for both subrecipients. In addition, there was no documentation available to demonstrate that the two subrecipients were monitored to ensure Uniform Guidance audits were obtained, if required, or that management decisions were issued, if applicable.

*Repeat Finding from
Prior Year:*

No

Recommendation:

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

*Views of Responsible
Officials:*

The Nevada Housing Division agrees with this finding.

2021-052:	U.S. Department of Health and Human Services CCDF Cluster: Child Care and Development Block Grant, 93.575 Child Care Mandatory and Matching Funds of the Child Care and Development Fund, 93.596
	Subrecipient Monitoring Material Weakness in Internal Control over Compliance and Material Noncompliance
<i>Grant Award Number:</i>	Affects all grant awards included under assistance listings 93.575 and CFDA 93.596 on the Schedule of Expenditures of Federal Awards.
<i>Criteria:</i>	<p>Title 2 U.S. Code of Federal Regulations Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> (Uniform Guidance) section 200.332 requires that:</p> <p>Pass-through entities ensure every subaward includes certain information at the time of the subaward.</p> <p>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.</p> <p>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.</p>
<i>Condition:</i>	Subawards did not contain all the required information, an evaluation of each subrecipient’s risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed, and subrecipients were not monitored to ensure audits required by Uniform Guidance were performed.
<i>Cause:</i>	Adequate internal controls were not in place to ensure compliance with subrecipient monitoring requirements for the following agencies: <ul style="list-style-type: none">○ Nevada Division of Aging and Disability Services○ Nevada Division of Welfare and Supportive Services
<i>Effect:</i>	Noncompliance at the subrecipient level may occur and not be detected by the Division.
<i>Questioned Costs:</i>	None

Context/Sampling:

A nonstatistical sample of seven subrecipients out of a population of 21 across three State agencies was selected for testing. The following errors were noted in two of the agencies:

Nevada Division of Aging and Disability Services

We tested three subrecipients applicable to the Division of Aging and Disability Services. A risk assessment was not performed and the subawards were missing required information for three subrecipients. In addition, there was no documentation available to demonstrate that two subrecipients were monitored to ensure Uniform Guidance audits were obtained, if required, or that management decisions were issued, if applicable.

Nevada Division of Welfare and Supportive Services

We tested four subrecipients applicable to the Division of Welfare and Supportive Services. A risk assessment was not performed for four subrecipients.

*Repeat Finding from
Prior Year:*

No

Recommendation:

We recommend the State agencies listed above enhance internal controls to ensure compliance with subrecipient monitoring requirements.

*Views of Responsible
Officials:*

The Nevada Division of Aging and Disability Services and the Nevada Division of Welfare and Supportive Services agree with this finding.

2021-053:	U.S. Department of Health and Human Services
	CCDF Cluster:
	Child Care and Development Block Grant, 93.575
	Child Care Mandatory and Matching Funds of the Child Care and Development Fund, 93.596
	Special Tests and Provisions – Fraud Detection and Repayment
	Significant Deficiency in Internal Control over Compliance
<i>Grant Award Number:</i>	Affects all grant awards included under assistance listings 93.575 and 93.596 on the Schedule of Expenditures of Federal Awards.
<i>Criteria:</i>	<p>Lead agencies shall recover childcare payments that are the result of fraud. These payments shall be recovered from the party responsible for committing the fraud (45 CFR section 98.60).</p> <p>The Nevada Division of Welfare and Supportive Services (the Division) has policies in place to identify, report, and recover payments resulting from fraud. The <i>Investigations and Recovery Policy Manual</i> provides that overpayments must be calculated by the child-care contractor within 60 working days of receipt of necessary information.</p>
<i>Condition:</i>	An overpayment calculation exceeded the 60-day requirement as provided in the policy.
<i>Cause:</i>	The Division did not have adequate internal controls to ensure timely overpayment calculation by a child-care contractor.
<i>Effect:</i>	Fraudulent payments may not be recovered timely.
<i>Questioned Costs:</i>	None
<i>Context/Sampling:</i>	We tested all three overpayment cases from the audit period. For one overpayment case, the completed investigation was communicated on January 15, 2021 and the overpayment recalculation was communicated on April 27, 2021, which was nine working days late.
<i>Repeat Finding from Prior Year:</i>	Yes – prior year finding 2020-026.
<i>Recommendation:</i>	We recommend the Division enhance internal controls to ensure timely overpayment calculation by a child-care contractor.
<i>Views of Responsible Officials:</i>	The Nevada Division of Welfare and Supportive Services agrees with this finding.

**2021-054: U.S. Department of Health and Human Services
Foster Care – Title IV-E, 93.658**

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

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

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

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

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

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

Questioned Costs: None

Context/Sampling: A nonstatistical sample of two out of four quarters was selected for testing. Two allocation methods did not agree to the cost allocation plan for the September 30, 2020 quarter and one of those allocation methods did not agree in the March 31, 2021 quarter. However, the net result was an under-allocation of costs to Foster Care.

Repeat Finding from Prior Year: Yes – prior year finding 2020-027.

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

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

**2021-055: U.S. Department of Health and Human Services
 Foster Care – Title IV-E, 93.658**

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

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

Criteria: The Federal Funding Accountability and Transparency Act (FFATA) requires direct recipients of certain federal awards to report subaward information by the end of the month following the month in which the prime awardee obligates a subgrant award equal to \$30,000 (or \$25,000 for federal agencies that have not yet adopted amendments effective November 12, 2020).

Condition: Required subaward information was not reported in the FFATA Subaward Reporting System (FSRS).

Cause: The Nevada Division of Child and Family Services did not have internal controls to ensure subaward information was submitted in accordance with the FFATA.

Effect: Subaward obligations were not reported in the FSRS and therefore not included on the FFATA’s website for public information disclosure.

Questioned Costs: None

Context/Sampling: We tested the entire population of two subawards obligated during the year. The quantity and subaward obligation errors were noted as follows:

	Subawards	Obligations
Total Tested	2	\$77,416,578
Not Reported	2	\$77,416,578
Not Timely	2	\$77,416,578
Obligation Incorrect	2	\$77,416,578
Missing Key Elements	2	\$77,416,578

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division implement internal controls to ensure subaward information is submitted in accordance with the FFATA.

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

**2021-056: U.S. Department of Health and Human Services
Children’s Health Insurance Program (CHIP), 93.767**

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

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

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

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

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

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

Questioned Costs: None

Context/Sampling: A nonstatistical sample of 60 out of approximately 2,763 total eligibility determinations was selected for testing. Five individuals had the incorrect aid code classified.

Repeat Finding from Prior Year: Yes – prior year finding 2020-030.

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

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

**2021-057: U.S. Department of Health and Human Services
Children's Health Insurance Program (CHIP), 93.767**

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

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

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

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

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

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

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

Questioned Costs: None

Context/Sampling: A nonstatistical sample of two CMS-21 reports out of four was selected for testing. The Division was unable to provide support or reconciliations for variances identified across both reports.

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

- Lines 1A/1C: \$27
- Lines 1B/1D: \$24,285
- Line 9: \$27
- Line 11: \$1,528
- Line 25: \$27,803
- Line 33: \$120,071

The March 31, 2021 CMS-21 report had the following unreconciled variances (Total Computable Column).

- Lines 1A/1C: \$213
- Lines 1B/1D: \$58,296
- Line 2: \$3,932
- Line 3: \$10,464
- Line 5: \$15,425
- Line 6: \$3,715
- Line 8: \$29,634
- Line 9: \$42,097
- Line 10: \$3,936
- Line 11: \$5,931
- Line 12: \$28,601
- Line 13: \$979
- Line 14: \$1,130
- Line 15: \$654
- Line 16: \$693
- Line 21: \$883
- Line 25: \$14,076
- Line 33: \$27,216

*Repeat Finding from
Prior Year:*

Yes – prior year finding 2020-031.

Recommendation:

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

*Views of Responsible
Officials:*

The Nevada Division of Health Care Financing and Policy agrees with this finding.

**2021-058: U.S. Department of Health and Human Services
Children’s Health Insurance Program (CHIP), 93.767
Medicaid Cluster:
State Medicaid Fraud Control Units, 93.775
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare,
93.777
Medical Assistance Program (Medicaid; Title XIX), 93.778**

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

Grant Award Number: Affects grant award 2105NV5021 included under assistance listing 93.767 and grant award 2105NV5MAP included under assistance listing 93.778 on the Schedule of Expenditures of Federal Awards.

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).

Condition: Amounts were originally reported incorrectly on the SEFA.

Cause: The Division of Health Care Financing and Policy (the Division) did not have adequate internal controls to ensure total federal expenditures were appropriately reported on the SEFA.

Effect: Prior to correction, the total federal expenditures on the SEFA were overstated by \$1,117,570 for assistance listing 93.767 and \$203,366,654 for assistance listing 93.778.

Questioned Costs: None

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

Repeat Finding from Prior Year: No

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

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

**2021-059: U.S. Department of Health and Human Services
Medicaid Cluster:
State Medicaid Fraud Control Units, 93.775
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare,
93.777
Medical Assistance Program (Medicaid; Title XIX), 93.778**

**Activities Allowed or Unallowed and Allowable Costs/Cost Principles
Material Weakness in Internal Control over Compliance**

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

Criteria: Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.334 provides that records pertinent to a federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respective, as reported to the federal awarding agency or pass-through entity in the case of a subrecipient.

Uniform Guidance section 200.403 provides that costs must be adequately documented in order to be allowable.

Federal participation is available for payments to qualifying hospitals that serve a disproportionate number of low-income patients with special needs. The State plan must specifically define a disproportionate share hospital (DSH) and the method of calculating the rate for these hospitals. Section 1923 of the Social Security Act limits DSH payments on a state-wide basis to annual DSH allotments and on a hospital-specific basis to each qualifying hospital's uncompensated care costs.

Condition: The total DSH payments charged to the program did not agree to the total allotment calculated. In addition, supporting documentation was not provided to verify the accuracy of the hospital-specific calculations.

Cause: The Nevada Division of Health Care Financing and Policy (the Division) did not have adequate internal controls to retain proper documentation or reconciliations with respect to DSH payments.

Effect: DSH payments may have been unallowable or calculated incorrectly.

Questioned Costs: None as the amount charged to the federal program was less than the total allotment calculated.

Context/Sampling: The entire allotment of \$80,203,483 was selected for testing. Records were provided for total amounts paid of \$74,349,873 and the remaining variance was unreconciled. The \$80,203,483 allotment included hospital-specific calculations for 23 hospitals (or qualifying providers). Documentation was requested, but not provided by the Division and we were unable to verify the accuracy of the hospital specific calculations.

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division enhance internal controls to retain proper documentation or reconciliations with respect to DSH payments.

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

2021-060: U.S. Department of Health and Human Services
Medicaid Cluster:
State Medicaid Fraud Control Units, 93.775
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare, 93.777
Medical Assistance Program (Medicaid; Title XIX), 93.778

Eligibility
Material Weakness in Internal Control over Compliance

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

Criteria: States are required to determine eligibility in accordance with the eligibility requirements defined in the approved State plan (42 CFR 435). The State plan describes certain aid categories, including the eligibility criteria and potential benefits allowed under the aid categories for individuals whose eligibility determination is based on factors other than Modified Adjusted Gross Income, i.e., Aged, Blind and Disabled (MAABD).

Condition: Individuals were deemed eligible but were placed in an incorrect aid category or did not have documentation to support the eligibility determination.

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

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

Questioned Costs: Known questioned costs of \$1,782, projected questioned costs are undeterminable.

Context/Sampling: A nonstatistical sample of 68 out of approximately 14,000 MAABD eligibility determinations was selected for testing. One individual had the incorrect aid code classified, which would have been reimbursable by the federal awarding agency at a higher rate (90%). The estimated impact was approximately \$9,800. In addition, an application was not available and could not be reviewed for one individual.

Repeat Finding from Prior Year: Yes – prior year finding 2020-032.

Recommendation: We recommend the Division enhance internal controls to ensure that aid categories are accurate and that case files are complete.

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

2021-061: U.S. Department of Health and Human Services
Medicaid Cluster:
State Medicaid Fraud Control Units, 93.775
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare, 93.777
Medical Assistance Program (Medicaid; Title XIX), 93.778

Reporting
Material Weakness in Internal Control over Compliance and Material Noncompliance

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

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

The Nevada Division of Health Care Financing and Policy (the Division) is required to submit *Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program* (CMS-64) reports based on actual recorded expenditures (42 CFR 430.30).

Condition: Amounts reported on the CMS-64 were not supported by the underlying accounting information.

Cause: The Division did not have adequate internal controls to ensure CMS-64 reports were accurate.

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

Questioned Costs: None

Context/Sampling: A nonstatistical sample of two CMS-64 reports out of a population of four was selected for testing. The Division was unable to provide support or reconciliations for variances identified across both reports.

The December 31, 2020 CMS-64 report had the following unreconciled variances (Total Computable Column):

- Lines 1A-1D: \$198,687
- Line 2A: \$198,906
- Lines 5A/C/D: \$110,474
- Lines 6A/B: \$41,055

- Line 7: \$103,173
- Lines 7A1-7A6: \$122,275,190
- Line 8: \$855,088
- Lines 9A/B: \$49,228
- Line 10: \$78,063
- Line 11: \$6,615
- Line 16: \$11,360
- Lines 17A/B/C1/D: \$8,123
- Lines 18A/A1/C: \$3,302,160
- Line 19A: \$3,412
- Line 24A: \$798
- Line 26: \$65,429
- Line 27: \$1,773
- Line 28: \$94,293
- Line 29: \$90,743
- Line 30: \$2,070
- Line 31: \$605
- Line 32: \$1,121
- Line 38: \$9,542
- Line 40: \$115,331
- Line 49: \$98,719

The March 31, 2021 CMS-64 report had the following variances (Total Computable Column):

- Lines 1A-1D: \$117,749
- Lines 5A/C/D: \$70,784
- Line 5B: \$770,518
- Lines 6A/B: \$2,239,624
- Line 7: \$47,992,139
- Line 8: \$1,275,776
- Lines 9A/B: \$116
- Line 16: \$10,835
- Lines 17A/B/C1/D: \$724
- Line 18B1: \$724,050
- Line 19A: \$50,886
- Line 24A: \$1,393
- Line 26: \$31,682
- Line 28: \$59
- Line 29: \$336,159
- Line 31: \$353
- Line 39: \$987
- Line 40: \$1,966
- Line 49: \$1,205,513

*Repeat Finding from
Prior Year:*

Yes – prior year finding 2020-033.

Recommendation:

We recommend the Division enhance internal controls to ensure CMS-64 reports are accurate.

*Views of Responsible
Officials:*

The Nevada Division of Health Care Financing and Policy agrees with this finding.

**2021-062: U.S. Department of Homeland Security
 Disaster Grants – Public Assistance (Presidentially Declared Disasters), 97.036**

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

Grant Award Number: Affects all grant awards included under assistance listing 97.036 on the Schedule of Expenditures of Federal Awards.

Criteria: The Federal Funding Accountability and Transparency Act (FFATA) requires direct recipients of certain federal awards to report subaward information by the end of the month following the month in which the prime awardee obligates a subgrant award equal to \$30,000 (or \$25,000 for federal agencies that have not yet adopted amendments effective November 12, 2020).

Condition: Required subaward information was not reported in the FFATA Subaward Reporting System (FSRS) timely.

Cause: The Nevada Division of Emergency Management (the Division) did not have adequate internal controls to ensure subaward information was submitted timely.

Effect: Subaward obligations were not reported in the FSRS in a timely manner and therefore not included on the FFATA’s website for public information disclosure in a timely manner.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of three subawards from a population of nine was selected for testing. The quantity and subaward obligation errors were noted as follows:

	Subawards	Obligations
Total Tested	3	\$918,842
Not Reported	N/A	N/A
Not Timely	3	\$918,842
Obligation Incorrect	N/A	N/A
Missing Key Elements	N/A	N/A

Repeat Finding from Prior Year: No

Recommendation: We recommend the Division enhance internal controls to ensure subaward information is submitted timely.

Views of Responsible Officials: The Nevada Division of Emergency Management agrees with this finding.

**2021-063: U.S. Department of Homeland Security
Presidential Declared Disaster Assistance to Individuals and Households – Other Needs, 97.050**

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

Grant Award Number: Affects all grant awards included under assistance listing 97.050 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 data for performance measures.

The *Grant Award* provides that weekly program status reports be filed, which include:

- The number and dollar amount of applications approved weekly;
- The number of individuals eligible to receive assistance under this award, broke out by programs identified in Section 4(d)(i) of the August 8, 2020 Presidential memorandum;
- The amount of assistance disbursed weekly; and
- The number of appeals received.

Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.303 provides that non-federal entities must establish and maintain effective internal control that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 200.334 provides that records pertinent to a federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respective, as reported to the federal awarding agency or pass-through entity in the case of a subrecipient.

Condition: The amounts reported for appeals and pending claims were not supported by the underlying records. In addition, evidence of segregation of duties (internal control review) was not available.

Cause: The Nevada Department of Employment, Training, and Rehabilitation (the Department) did not have adequate internal controls to ensure the weekly reports were accurate and data retained.

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

Questioned Costs: None

Context/Sampling: A nonstatistical sample of eight out of a population of 26 weekly reports was selected for testing. Original data and reconciliations were not retained, and they were recreated for testing. The following is a summary list of unreconciled variances between reported amounts and underlying recreated documentation for seven reports:

January 10, 2021 Report
Open Appeals (Line 2a): Reported 18,465; Documentation 38,628
New Appeals (Line 2b): Reported 579; Documentation 137
Pending Claims (Line 3a): Reported 122,489; Documentation 54,205
New Pending Claims (Line 3b): Reported 352; Documentation 4

January 31, 2021 Report
Open Appeals (Line 2a): Reported 19,216; Documentation 13,174
New Appeals (Line 2b): Reported 543; Documentation 36,475
Pending Claims (Line 3a): Reported 82,006; Documentation 43,489
New Pending Claims (Line 3b): Reported 498; Documentation 0

February 28, 2021 Report
Open Appeals (Line 2a): Reported 20,095; Documentation 11,972
New Appeals (Line 2b): Reported 571; Documentation 36,811
Pending Claims (Line 3a): Reported 52,613; Documentation 22,546

April 3, 2021 Report
Open Appeals (Line 2a): Reported 65,143; Documentation 12,123
New Appeals (Line 2b): Reported 37; Documentation 65
Pending Claims (Line 3a): Reported 30,185; Documentation 24,000

April 24, 2021 Report
Open Appeals (Line 2a): Reported 62,977; Documentation 11,827
New Appeals (Line 2b): Reported 96; Documentation 83
Pending Claims (Line 3a): Reported 26,897; Documentation 17,346

May 15, 2021 Report
Open Appeals (Line 2a): Reported 61,022; Documentation 11,502
New Appeals (Line 2b): Reported 68; Documentation 59
Pending Claims (Line 3a): Reported 24,681; Documentation 19,777

June 19, 2021 Report

Open Appeals (Line 2a): Reported 57,015; Documentation 10,848

New Appeals (Line 2b): Reported 54; Documentation 36

Pending Claims (Line 3a): Reported 23,568; Documentation 14,979

In addition, three reports did not have evidence of review and approval by an individual other than the preparer.

*Repeat Finding from
Prior Year:*

No

Recommendation:

We recommend the Department enhance internal controls to ensure the weekly reports are accurate and data is retained.

*Views of Responsible
Officials:*

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

Management's Response to Auditor's Findings:
Status of Prior Audit Findings and Corrective Action Plans
June 30, 2021

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-84



OFFICE OF THE
STATE CONTROLLER

July 27, 2022

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, 2021.

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

Initial Fiscal Year
Finding Occurred: 2020

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

Fraudulent unemployment benefit payments were paid.

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

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

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

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

State's Response:

Nevada DETR's Response

Nevada DETR management recognized the immensity of the task given it as the Pandemic and its impact ravaged the Nevada UI system. Nevada DETR management is and has been taking aggressive steps to heighten verification efforts and prevent /detect fraud in this program.

- DETR has been vigilant in identifying fraud schemes and preventing improper benefit payments to the hundreds of thousands of fraudulent claims that have been filed since March 2020. The Nevada UI Benefit Payment Control Unit (BPC) has been actively engaged with national and local law enforcement agencies, USDOL, the National Association of State Workforce Agencies (NASWA) Integrity Center, the current debit card vendor Bank of America, and other technology vendors such as On Point Technologies, ID.me, GSI, and Pondera in a continuing effort to identify, prevent, and cease fraudulent benefit payments. The program is continuing to partner with these entities to address new and developing cyber-fraud schemes in this ever-changing environment.
- DETR reviews claims on an ongoing basis. DETR paid out approximately \$5 billion in PUA benefits and have to date stopped payment and prevented an estimated \$8.7 billion in improper payments based on identity verification alone. 638,287 issues as of 04-16-21 (denied on ID issue) X \$13,700 (average collected on a PUA claim) = \$ 8.7 billion.

- Staff review lists of claims created by ISA or IDP, which highlight multiple types of known fraud indicators. Those claims are reviewed, and data analysis takes place to tie any additional fraudulent claims together. DETR provided the B of A analytics to stop payment and is the driver for the majority of the prevented improper payments. BPC developed strategies to identify and stop these claims (many before payments were issued). If payments were made, we exercised the tactic of recalling funds deposited to fraudulent claimant accounts to recover the funds. This recall tool was used very minimally in the past but has been beneficial to use during this crisis.
- DETR fraud measures estimated timeline below.
 - 2015 - Data analytics reports developed to detect known fraudulent hallmarks
 - 2020 - Data analytics reports adjusted, and additional reports added to detect new fraudulent patterns discovered during the pandemic.
 - April 2020 - Approval from administration/ legal to recall remaining fraudulent funds paid out which will result in over 100 million dollar returns to Nevada Unemployment Trust Fund.
 - December 2020 -reCaptcha implemented in PUA to combat bot activity by bad actors.
 - February 2021 - Clear ID validations and will be disqualifying further fraudulent claims currently having payment held.
 - February 2021 Two Factor Authentication implemented in PUA to combat fraudulent actors from receiving benefits.
 - March 2021 crossmatching claim data with Department of Corrections and Vital Statistics to stop fraud.
 - March 2021 OnPoint UI claims report tool extended. Working on UI Data needs for Jaspersoft reporting tool.
 - March 2021 Pondera Fraudcaster and Case Tracker Tool data from PUA and UINV setup began to track fraud cases through follow-up with law enforcement cases, collections, and post investigation closure.
 - March 22, 2021 - ID. Me continued and initial PUA claims identity validation. Initial claims went down from 500 per day to 50 per day. As of 04-13-21 56, 657 identities have been verified and 10,206 known fraud claims have been stopped. As well as 3062 more suspected fraud that need further investigation
 - April 2021 exchange claim data with NASWA Integrity Data Hub to crossmatch fraud data and take action on fraud hallmark data returned.

- DETR continues to work with our partners in an ongoing effort to resolve these issues for claimants while protecting claimants. Crossmatching DMV, Vital Statistics (deceased) and Department of Corrections incarcerated data is being used to stop these bad actors. Claims data compared to NASWA's National Integrity Data Hub and returned with suspected fraud matches in other states. The agency will continue to focus on getting eligible Nevadans paid while addressing fraud in the State.
- The USDOL has made supplemental monies available to states in their efforts to combat fraud. DETR is pursuing implementing ID.Me in the regular UI system. Further IT development is underway to stop these bad actors in the claim filing process reducing the fraud backlog and cost to the department and delay of payment for valid claimants.
- And finally, with respect to Recovery, DETR coordinates on a regular basis with Local Law Enforcement officials, the Attorney General's Office, the Office of Inspector General, the Secret Service Office, Postal Inspectors and the Federal Bureau of Investigation (FBI) to recover funds through forfeiture and seizures.

Reason for Recurrence

The department is working on reducing backlogs and implementing corrective actions. Large reductions in fraud cases occurred when identity and other employment validations were set in place.

Nevada DETR's Response-August 2021

Additions to DETRS Fraud measures

In July 2021 -DETR implemented ID.me up-front identification verification to prevent fraudulent filing of regular unemployment insurance claims. Claimants filing an initial, additional, or weekly claim must verify their identity in ID.me. Validation must be authorized by ID.Me prior to any online unemployment claim filing access. Claimants who cannot complete the process require a staff claim review and receipt of proof of identity prior to any unemployment payment.

In late Spring of 2021, DETR began monthly meetings with the Nevada Attorney General's office, which include the staff from the Integrity unit. , The purpose of these meetings was to work on how best to provide information on investigations, what information is most needed, as well as logistics of contact and transfer of data.

In July 2021, a new compliance investigator unit was formed. This team of 4 investigators and a supervisor will be responsible for working cases that are being referred to law enforcement and provide ongoing information in active cases as well as collection of any returned funds.

In August 2021, DETR opened dialogue with the Nevada Department of Public Safety about securing investigation resources for fraud committed by residents in Nevada. This fraud type was tied mostly to fictitious employers and identify theft.

During July and August 2021, DETR procured a vendor contract for assistance working backlog of fraud issues. This contract was awarded to a vendor Nelnet who will begin work on 9/15/21. This vendor has experience working fraud claims in other states and will be able to provide quick ramp up of personnel who will work on overpayments in the system in order to bring back in frozen funds, investigate questionable identity issues, contact employers for breakdown of wages in underreported earnings cases, conduct fact finding and prepare files for DETR investigators to resolve.

Date of Completion: Ongoing

Status: Partially corrected

**2020-002: Unemployment Financial Close and Reporting
Material Weakness**

*Initial Fiscal Year
Finding Occurred:* 2020

Finding Summary: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Accurate and timely reconciliation and review of accounts on the Statement of Fund Net Position is an important aspect of internal control.

Adjustments were needed in cash, accounts receivable, benefits payable, intergovernmental payables, and beginning net position (as well as related expense and revenue accounts). These accounts were not timely reconciled to the underlying support and thus required significant adjustment.

The Department of Employment, Training, and Rehabilitation (DETR) did not have internal controls to provide for the appropriate and timely review of the general ledger as part of its financial close process.

Prior to initial adjustment, cash balances were overstated by approximately \$328.8 million, receivables were understated by approximately \$648.6 million, payables were understated by approximately \$226.2 million, and beginning net position was overstated by approximately \$1.9 million. Related expense and revenue accounts were adjusted accordingly. Subsequent to the initial adjustment, adjustments were recorded for an additional understatement of \$341.0 million in receivables and an understatement of \$305.2 million in payables with related expenses and revenue accounts adjusted accordingly.

We recommend DETR implement internal controls to provide for the appropriate and timely review of the general ledger as part of its financial close process.

State's Response:

Partial corrective action taken

DETR is in the process of implementing internal controls to provide appropriate and timely review of the general ledger as part of the financial close process. Additionally, DETR has requested an additional staff position, Trust Fund Accountant, to manage the Unemployment Compensation Enterprise Fund, associated policies, general ledger, and the financial statements. This will greatly strengthen the overall process for the department.

Nevada DETR's Response as of August 2021

The Department continues the process to reconcile and implement internal controls to provide appropriate and timely review of the general ledger. A daily process of reconciliation between the program systems UInv and Employ NV has never been in place. The Department is currently working with contractor CPA Jim Wells to develop a process for daily reconciliation and that process is close to implementation. The data sets to reconcile are in place for daily reconciliation but the finalized process is not in place. Strategy for retroactive reconciliation is still being developed and is being looked at in tandem as the daily process is outlined. The Department anticipates full reconciliation to be achieved in September 2021.

Additionally, the Department gained approval in the 81st Legislative Session to hire a full-time, permanent Accountant 3. It is anticipated for that position to start 10/01/2021. These previously stated responsibilities are part of the Accountant 3 's job duties.

Date of Completion: Pending Hire of Accountant - September 2021

Status:

Partially corrected

**2020-003, 2019-005: Cash – Monthly Bank Reconciliation
Material Weakness**

Initial Fiscal Year
Finding Occurred: 2019

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

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

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

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

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

State’s Response: Resources were assigned to the bank reconciliation process to review and enhance controls in March 2020. Due to the pandemic and increased workload from COVID federal funding these efforts were slowed. A contracted employee was hired to assist with bank reconciliation processes from September through December 2020. Additional funding was approved and the contracted employee rehired for July through September 2021. We anticipate the approval of additional funding in October for the contracted employee to continue efforts on the bank reconciliation.

Status: Partially corrected

**2020-004, 2019-006: Highway Fund – Inventory Balance, Accounts Receivable,
Accounts Payable and Unavailable Revenue**

Material Weakness

Initial Fiscal Year
Finding Occurred: 2020

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

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

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

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

The internal controls in place, did not ensure that inventory was recorded accurately.

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

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

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

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

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

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

State's Response: Partially corrected, non-retroactive.

Reason for recurrence: The Department of Transportation's position on AP Contractor vendor payments is that, although the contractor's invoice has activity dates from the prior FY19 and FY20, respectively, there wasn't any work documented for payments during those dates within each FY. The department did not consider the work completed and did not pay for any work until all required documentation was submitted. As ASC 605 states, "Performance cannot be considered to have taken place until the performance of that final act occurs."

Partial corrective action taken: Concerning the stockpile inventory, the department will have bi-annual stockpile inventory reconciliations, which will be starting December 2021. In addition, the department has added a total auto-calculated field in the EAMs system, so when the user enters the quantity and unit price, the total field will match the invoice amount. Also, the department added an error check in the EAMs system to validate the unit price is not changing the weighted-average unit price within an error range up or down by 10%. Finally, NDOT is partnering with the Pavement Engineering & Science Program Civil and Environmental Engineering Board of Regents to provide technical assistance on accurately measuring NDOT's stockpile inventories records & management for maintenance activities. The start date for this partnership study is pending.

The Accounts Receivable department started issuing monthly aging reports in August 2021 to management with notes and action plans for invoices that are over 90days old. In addition, the Receivable department will begin quarterly GL reconciliations starting in late 2021.

Status: Partially corrected

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

Initial Fiscal Year
Finding Occurred: 2020

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

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

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

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

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

State's Response: Reason for recurrence: internal controls were not effectively operating at an agency.

Controls have been put in place to ensure federal grant revenues are accurately recorded. Completed June 2022.

Status: Partially corrected.

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

*Initial Fiscal Year
Finding Occurred:* 2020

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

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

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

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

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

State's Response: Reason for recurrence: internal controls were not effectively operating at the agency.

On May 31, 2022, The NDOT staff met with the State Controller's office to thoroughly discuss the Capital Assets – CIP, Infrastructure, and Right-of-way activity report. The State Controllers' office prepared a sample mock draft of the required balance activity format along with the matching supporting detail by project that is to be included in the annual report. NDOT reviewed the new requirement and has agreed to make these minor reporting adjustments.

The CIP balance will be rolled forward and verified on an individual project level. The final vouchered report will also be verified against the CIP balance report to confirm that final projects are being removed from the CIP balances and that all capacity and Right-of-Way expenditures are balanced. A periodic review with the engineering department will be done on projects that do not have a capacity-reported balance, so we capture any changes in the project before the final voucher.

Date of estimated completion: July 29, 2022

Status: Partially corrected

2020-007: Non-Cash Inventory – Personal Protection Equipment (PPE) Material Weakness

Initial Fiscal Year Finding Occurred: 2020

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

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

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

The amount is unknown.

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

State's Response: As of this response, the division has worked with the State Controller's Office on the original corrective action plan, providing additional backup and answering questions. These actions should demonstrate the accurate recording of non-cash inventory as per our existing internal controls that were identified in the finding. The division also coordinated with the State Controller's Office and the external auditors over the past three months to perform multiple on-site observations of warehouse physical inventory. These on-site observations are summarized below.

- Observation # 1 Southern warehouse - June 4, 2021 - Count Verifications
- Observation #1 Northern warehouse- June 16, 2021- Count Verifications
- Observation #2 Southern warehouse - July 13, 2021 – Recount

The division continues to work with the State Controller's Office to finalize follow up requests for information. So, other than this final documentation on price verification, the division understands this finding to be fully corrected, pending any additional feedback from the State Controller's Office and the external auditors.

Status: Corrected

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

*Initial Fiscal Year
Finding Occurred:* 2020

Finding Summary: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Accurate and timely recording of participant revenue and benefit payments are a key component of effective internal control over financial reporting.

The State of Nevada recorded internal transfers between investment funds in the College Saving Plan as participant revenue and benefit payments.

Internal controls in place did not ensure that participant revenue and benefit payments were presented accurately.

Participant revenue and benefit payments were overstated by \$9.9 billion.

We recommend the State of Nevada enhance internal controls to ensure participant revenue and benefit payments are accurately presented on the financial statement.

State's Response: Controls have been put in place to ensure participant revenue and benefit payments are accurately presented on the financial statements. Completed March 2021.

Status: Corrected

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

*Initial Fiscal Year
Finding Occurred:* 2020

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

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

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

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

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

State's Response: Controls have been put in place to ensure actuarial calculations provided to the State are reviewed and accurately recorded. Completed December 2020.

Status: Corrected

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

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

Initial Fiscal Year
Finding Occurred: 2020

Finding Summary: Affects all grant awards included under CFDA 10.561 on the Schedule of Expenditures of Federal Awards.

Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that pass-through entities ensure every subaward includes certain information at the time of the subaward.

Subawards did not include certain information required by Uniform Guidance.

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

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

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

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

State's Response: Corrected May 11, 2021.

Status: Corrected

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

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

Initial Fiscal Year
Finding Occurred: 2020

Finding Summary: Affects all grant awards included under CFDA 10.551 on the Schedule of Expenditures of Federal Awards.

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

Amounts were originally reported incorrectly on the SEFA.

The Nevada Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure total federal expenditures were appropriately reported on the SEFA.

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

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, 2021.

Status: Corrected

**2020-012, 2019-009,
2018-003, 2017-006,
2016-006, 2016-011: U.S. Department of Agriculture
Special Supplemental Nutrition Program for Women, Infants,
and Children (WIC), CFDA 10.557**

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

Initial Fiscal Year
Finding Occurred: 2016

Finding Summary: Affects all grant awards included under CFDA 10.557 on the Schedule of Expenditures of Federal Awards.

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

Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Non-federal entities may verify that a party is not suspended or debarred by checking the *Excluded Parties List System*, collecting a certification from the entity, or adding a clause or condition to the covered transaction vehicle (2 CFR 200.214, 2 CFR Part 180).

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

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

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

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

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

State's Response: The Division has requested the standard templates for all contracts, including statewide contracts, be updated to include applicable provisions by the State Purchasing Division. As of June 30, 2021, this request has not been approved.

As of March 30, 2017, prior to entering into agreements with contractors or grant subrecipients, staff verifies that each party is neither suspended nor debarred through a review of the Excluded Parties List System.

As of March 30, 2017, the Department of Administration added language to its standard contract form regarding suspension and debarment and lobbying activities.

As of September 27, 2018, the Division received approval from the Department of Administration to add language to its contracts regarding the Clean Air Act and the Federal Water Pollution Control Act. As of June 30, 2021, the Division provided training to staff to ensure all amendments to existing contracts extending the contract period have the required federal provisions.

As of April 15, 2019, the State Public Works Division has updated the State Lease templates with the required federal language.

As of July 1, 2020, the Division has developed an annual process in State Fiscal Year 21 to conduct suspension and debarment verifications for all contractors that receive federal funds to ensure division-wide compliance of this requirement.

Reason for Recurrence:

Nevada State Purchasing Division has not updated the statewide contracts to include the applicable provisions described in Appendix II to Part 200 for contracts under federal awards. The agencies are required to use these contracts and therefore are subject to audit findings every year.

The Division did have multi-year contracts executed prior to the revision of the contract template that did not have the required federal provisions. The Division has provided updated training to staff to ensure all amendments to existing contracts extending the contract period have the required federal provisions.

Date of Completion:

Statewide Contracts: Pending State Purchasing Division Approval

Division Contracts: Contract Unit: June 30, 2021

Suspension and Debarment Verification: Audit Unit: July 1, 2020

Status: Partially corrected

**2020-013, 2019-012,
2018-012:**

U.S. Department of Justice

Crime Victim Assistance, CFDA 16.575

Reporting

Material Weakness in Internal Control over Compliance

Initial Fiscal Year

Finding Occurred: 2018

Finding Summary: Affects all grant awards included under CFDA 16.575 on the Schedule of Expenditures of Federal Awards.

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

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

Subgrant Award Reports (SAR) were not filed timely.

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

Late information was reported to the federal awarding agency.

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

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

State's Response: Reason for recurrence, if applicable: Corrective action changes were implemented July 1, 2020 as a result of Finding 2019-012, which was too late to avoid a repeat finding in SFY20.

New corrective action: As of July 1, 2020, the division has updated its Grants Management Unit Policies and Procedures to ensure timely filing of Subgrant Award Reports within 90 days for each subrecipient.

Status: Corrected

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

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

*Initial Fiscal Year
Finding Occurred:* 2020

Finding Summary: Affects all grant awards included under CFDA 17.225 on the Schedule of Expenditures of Federal Awards.

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

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

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

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

Payments were made to ineligible claimants.

Known questioned costs of \$94,755, projected questioned costs are undeterminable.

A nonstatistical sample of 60 PUA claimants out of approximately 1,000 was selected for testing. In our sample of 60, we noted 11 claimants who were either ineligible or had a high suspicion of fraud. Benefits paid through June 30, 2020 for these 11 claimants was \$94,755.

We recommend the Department work with the federal agencies involved in the unemployment fraud task force to identify and attempt recovery of fraudulent payments. In addition, we further recommend that the Department improve information system internal controls to enhance data analytics as well as manual internal controls to better detect and prevent fraud.

State's Response:

Nevada DETR's Response

The Nevada Department of Employment, Training and Rehabilitation (DETR) agrees with this finding. Of the 11 PUA claims noted in the audit none have been disqualified through evidence of fraud. Payment was stopped on only 1 claimant that may be fraud because the claimant failed to complete Id.me or upload identity documents. The other 10 claims had PUA eligibility related issues and had received payment. Per the court order DETR should not stop paying PUA claimants unless there is clear and convincing evidence of fraud. The remaining 10 claims mentioned in the audit did not have the level of evidence to be disqualified as fraudulent.

DETR has implemented multiple fraud protection software in the PUA system:

- December 2020 -reCaptcha which mitigates Bot attacks which are used to hijack claimant credentials.

- February 2021 Two Factor Authentication which mitigates fraudulent bad actors from filing or using hijacked credentials.
- March 2021- ID.Me to authenticate claimant identity both in continued and initial claims.
- March 2021 crossmatch data against Department of Corrections and Vital statistics (Death Records)
- Currently working on national efforts through NASWA to crossmatch against all state's bad actor hallmarks.

Partial corrective action taken.

Nevada DETR's Response - August 2021

Of the 11 PUA claims noted in the audit none have been disqualified through evidence of fraud. Payment was stopped on only 1 claimant that may be fraud because the claimant failed to complete Id.me or upload identity documents. The other 10 claims had PUA eligibility related issues and had received payment. The remaining 10 claims mentioned in the audit did not have the level of evidence to be disqualified as fraudulent under said court order.

To date Nevada's court order is still in affect and awaiting scheduling in Nevada's Supreme Court. The Court Order stipulates that if any payments were made to a PUA applicant regardless of whether those were legitimate payments, then DETR cannot stop payments unless one of the following is true:

- 1) There is clear and convincing evidence of fraud.
- 2) The claimant fails to file a weekly claim.
- 3) Had excess earnings during the weekly filing.

DETR updates to the implemented multiple fraud protection software in the PUA system:

- July 2021 Implemented further fraud checks Pondera Clear Id validation, FraudCaster fraud detection service as well as fraud Case Tracker software through prosecution and debt collection.

Estimated Date of Completion: Ongoing

Status: Partially corrected

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

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

Initial Fiscal Year
Finding Occurred: 2020

Finding Summary: Affects all grant awards included under CFDA 17.225 on the Schedule of Expenditures of Federal Awards.

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

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

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

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

Inaccurate information was reported to the federal awarding agency.

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

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

State's Response: **Nevada DETR's Response**

Nevada DETR agrees with this finding. However, the UI-3 report for quarter ending March 31, 2020 has already been corrected by the department and re-submitted to the Department of Labor. The department is reviewing the internal control procedures for

improvement measures. Additionally, the department is re-reviewing the system generated supporting reports to strengthen internal controls for the creation of the supporting reports used to compile the UI-3 report.

Nevada DETR's Response (Financial Management Bureau) - August 2021

DETR Financial Management (FM) submits the UI-3 report on a quarterly basis. Section A, Line 6 has been historically left blank. These fields only required data to be entered once we begin coding to the CARES Act job codes. Not having these in place, and not realizing line 6 needed to be populated for the 03/31/2020 quarter, they were left blank. Now that the job codes are in place, this data will be populated in every applicable quarter until the funding for those codes ends and no longer needs to be reported on. As you can see for the reports attached (Attachment DETR 2020-015), period ending 12/31/2019 Line 6 was left blank as was the first version of period ending 03/31/2020. Data was then populated in the second version of period ending 03/31/2020.

Additionally, FM has been active in verifying the information that feeds the UI-3 report is accurate and that the information in the UI-3 report fields are accurate. FM internally produces a TD report which drives the fields in the UI3 report. The TD report is produced by our IT staff and has staff hour and job activity info summarized by quarter. DETR has verified this report is correct and the data is accurate. FM has a well-defined procedure in place for producing the UI- 3 and will revise procedures to increase efficiency at any opportunity. FM has increased the internal control process by ensuring the UI-3 goes through various stages of approval. FM's Accountant Tech II prepares the report, FM's Management Analyst III reviews and reconciles the UI-3 report with the TD report for that particular quarter, FM's CFO will then do a final review and give approval and submit the report. DETR will continue to work as a team to verify correctness and accuracy in both our internal reports and our reports to DOL. Additional examples of the TD report and copy of the UI-3 procedure can be available upon request.

Date of Completion: August 2021

Status: Partially corrected

2020-016:

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

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

Initial Fiscal Year

Finding Occurred: 2020

Finding Summary:

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

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

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

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

Paid Claims

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

Denied Claims

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

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

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

Payments made to ineligible individuals may not be identified.

A nonstatistical sample of 60 completed BAM cases out of a population of 622 was selected for testing. For one case, the entire file was not located. For a second case, the file was missing the required claimant questionnaire.

The Department completed 60.86% of paid claim reviews within 60 days and 66.00% of paid claim reviews within 90 days. The Department completed 66.67% of denied monetary claim reviews, 74.55% of denied separation claim reviews, and 71.82% of denied nonseparation claim reviews within 90 days.

We recommend the Department enhance internal controls to ensure timely BAM review completion and appropriate document retention.

State's Response:

Nevada DETR's Response

Nevada DETR agrees with this finding. Please note that the causes of the Benefits Accuracy Measurement (BAM) findings are contributed to multiple factors. Although Nevada received a waiver for reviewing the denied claims through June 30, 2021, the unit was unable to work on the paid claims until October of 2020. Due to the COVID-19 Pandemic, the prior Administrator reassigned BAM staff to assist with claim filings and adjudication. All units available were needed to assist with the sudden influx of claimants after state businesses were shut down. In addition, the BAM Unit was already understaffed due to personnel retiring or taking promotions. During the transitioning period, files were neglected and not reviewed accordingly or tracked.

Currently, the BAM Unit has been staffed accordingly, new staff are in the process of being cross trained by two senior investigators, and a new supervisor has been assigned. BAM is working current cases to meet the timeliness and completion measures within the 60 and 90 days. The BAM Unit is also trying to work the backlog of paid cases that were not worked during the pandemic. Although the BAM Unit is working diligently on the backlog, Nevada DETR will be hard-pressed to review and submit all cases by June 28, 2021 or even by October 28, 2021.

Reason for Recurrence

Recruiting efforts are underway, once training occurs the department will require the priority of said staff duties to focus on addressing the backlog in the ESD BAM unit.

Nevada DETR's Response-August 2021

Recruiting for additional BAM Investigators is ongoing, due to further attrition in the unit. The BAM supervisor is training three investigators in the denial process. Since BAM reinstated operations, the BAM unit is current to batch #202043. The pandemic backlog is being addressed by supervisors and senior investigators. Although working diligently 75 open cases from batches 201927 and 202026 remain. Staff closed 6 cases within 91-120 days and 3 8 cases within 120 days or more. Nevada does not anticipate review and submission of the remaining cases will occur by the deadline of October 28, 2021.

Estimated Date of Completion: Ongoing

Status: Partially corrected

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

**Special Tests and Provisions – UI Reemployment Programs:
Worker Profiling and Reemployment Services (WPRS) and
Reemployment
Services and Eligibility Assessments (RESEA)
Significant Deficiency in Internal Control over Compliance**

*Initial Fiscal Year
Finding Occurred:* 2020

Finding Summary: Affects all grant awards included under CFDA 17.225 on the Schedule of Expenditures of Federal Awards.

The *Unemployment Insurance Program Letter No. 07-19* requires the non- federal entity receive feedback that claimants reported as directed to program staff and participated in required RESEA activities.

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

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

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

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

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

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

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

State's Response:

Nevada DETR's Response

Nevada DETR agrees with this finding. However, based on DETR's mitigating actions taken since the date of this audit, DETR respectfully requests that this finding be determined satisfied and be CLOSED.

Workforce Investment Support Services (WISS) unit has developed and deployed the following policies and procedures to enhance the review of RES EA performance reporting by required staff:

- Ongoing Performance Data Validation Practice: Prior to the submission of RESEA program performance reports (ETA 9128), the report is reviewed for accuracy by the RESEA program lead. The RESEA program state coordinator creates a detailed service report from EmployNV to validate each data element reported on the ETA 9128. All records are reviewed for validation if the population is less than 100. If the total population reported is over 100, a random sample of records is drawn containing at least 10 percent of the population reported and are manually reviewed for case record validation purposes.
- August 2020: The Reemployment Services and Eligibility Assessment (RESEA) Desk Guide (Attachment 1) was developed, disseminated to staff and extensive training was provided to DETR RES EA staff in April 2021 covering all aspects of the RES EA program, including Section 4: RESEA Reporting Procedures, Registration Completion, Activities and Services Issue Reporting. This policy and procedures tool will enhance RESEA staffs' abilities to properly administer and report performance on the RESEA program. There are examples throughout this Guide that provide instructions for entering activities, outlining staff requirements of maintaining corresponding documentation that must be entered in DETR's workforce and unemployment case management information systems, Employ NV and Uinv, and RESEA performance reporting.
- March 2021: The RESEA-REA Flowchart (Attachment 2) was developed, disseminated to staff and included in the extensive training provided to RES EA staff in March and April 2021, which details the RESEA process step-by-step providing a visual roadmap for RESEA staff to follow in their administration of RESEA cases. Specific protocols for RESEA case note recordings and updates are included.
- February 2021 - current: In coordination with DETR's UI RESEA staff and DETR's IDP/IT unit, the RESEA program state coordinator is in the process obtaining a contractor through the state's formal solicitation process to develop a tiered evidence-based approach for interventions and service delivery strategies, which will enhance RESEA staffs' abilities to properly administer the RESEA program through the conduct of program evaluation to identify successful evidence-based intervention measures.
- March 24, 2021 and April 21, 2021: The RESEA program state coordinator conducted extensive RESEA training (Attachment 3) with existing and new RESEA staff covering RESEA policy and procedures to help mitigate inappropriate and/or lacking RESEA case handling, reporting and maintenance to ensure accurate, valid and reliable administration of the RESEA program and program reporting. The above-forementioned

policies and procedures were covered extensively in said training sessions, and the RESEA program state coordinator will continue to conduct regular RESEA training sessions on the policies, procedures and any programmatic updates.

Reason for Recurrence

The Department remedied finding 2020-017 as of April 21, 2021. Since finding 2020-017 remains open, the Department is providing further detail in the following response that contains specific action steps taken on the corrective action plan, which has enhanced the internal controls and ensures that all RESEA case notes are maintained in participant files and written policies and procedures are updated to provide for the review of RESEA performance reports by required staff.

Nevada DETR's Response - August 2021

Since the Department's April 21, 2021 update on finding 2020-017, additional programmatic enhancements have been deployed to increase the reliability and validity of RESEA program reporting, the RESEA Reporting Procedures, Registration Completion, Activities and Services Issue Reporting Guide was developed and disseminated to RESEA staff, and intense programmatic trainings have been conducted by the RESEA Program Coordinator and RESEA staff that have provided RESEA staff with clear and concise protocol and instructions on the RESEA program, correct and appropriate RESEA case handling and management, and accurate RESEA program reporting in the Department's workforce case management information system-EmployNV.

RESEA has implemented an On-Demand Interview Network (ODIN) - a feature within SARA (Semi-Autonomous Research Assistant) - which acts as a secure platform by which to conduct virtual appointments. All actions taken are automatically documented in the client's EmployNV case notes. This capability will address the accidental omission of case notes describing actions taken, from scheduling the appointment to documentation of services provided.

The Department will continue providing consistent RESEA program training, disseminating RES EA resources, and providing technical assistance and guidance to RES EA staff to continue to ensure accurate, valid and reliable administration of the RESEA program and RESEA program reporting.

Corrective actions have been completed and the Department respectfully requests that finding 2020-017 be determined satisfied and be closed.

Date of Completion: April 2021

Status: Corrected

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

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

*Initial Fiscal Year
Finding Occurred:* 2020

Finding Summary: Affects all grant awards included under CFDA 21.019 on the Schedule of Expenditures of Federal Awards.

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

Amounts were originally reported incorrectly on the SEFA.

The Nevada Governor's Finance Office, Budget Division (the Division) and the Controller's Office (Office) did not have adequate internal controls for communication of reconciling items to ensure total federal expenditures and payments to subrecipients were appropriately reported on the SEFA.

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

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

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

State's Response: From GFO:
Corrected, September 2020

From SCO:

The State Controller's Office (SCO) updated closing instructions with SEFA requirements and published on our website 05/27/21. Notification was sent out to agencies. The federal revenues and expenditures section of the accounting policies and procedures was updated and published on our website in July 2021. Single Audit training materials were updated and training was held 08/04/21, 08/05/21, 08/06/21. Single Audit training materials were published to our website in August 2021. Beginning in May 2021, the SCO has run and prepared various reports to identify potential SEFA reporting issues. These reports have been sent out to agencies with a request to research and resolve errors. Communication with the Nevada Governor's Finance Office (GFO) and other agencies continues. All items listed in the corrective action have been completed.

Status: Corrected

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

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

*Initial Fiscal Year
Finding Occurred:* 2020

Finding Summary: Potentially affects all grant awards included under CFDA 84.010 on the Schedule of Expenditures of Federal Awards.

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

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

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

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

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

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

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

State's Response: Corrected, January 2021

Status: Corrected

**2020-020, 2019-022,
2019-026, 2018-022,
2017-016, 2017-019,
2016-020, 2016-024,
2015-014, 2015-019:**

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

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

*Initial Fiscal Year
Finding Occurred:* 2015

Finding Summary: Affects all grant awards included under CFDA 84.010 on the Schedule of Expenditures of Federal Awards.

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

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

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

The Nevada Department of Education (the Department) and the Nevada State Public Charter School Authority (the Authority) did not have adequate internal controls to ensure compliance with subrecipient monitoring requirements.

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

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

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

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

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

State’s Response: From NDE:
Corrected, July 2021

From SPCSA:
Corrected

Status: Corrected

**2020-021, 2019-023: U.S. Department of Education
Title I Grants to Local Educational Agencies, CFDA 84.010**

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

Initial Fiscal Year
Finding Occurred: 2019

Finding Summary: Affects all grant awards included under CFDA 84.010.

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

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

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

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

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

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

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

State's Response: Corrected, April 2021

Status: Corrected

**2020-022, 2019-026: U.S. Department of Education
Special Education Cluster:
Special Education-Grants to States, CFDA 84.027
Special Education-Preschool Grants, CFDA 84.173**

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

Initial Fiscal Year
Finding Occurred: 2019

Finding Summary: Affects all grant awards included under CFDA 84.027 and 84.173 on the Schedule of Expenditures of Federal Awards.

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

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

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

The Nevada Department of Education (the Department) and the Nevada State Public Charter School Authority (the Authority) did not have adequate internal controls to ensure compliance with subrecipient monitoring requirements.

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

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

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

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

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

State's Response: From NDE:
Corrected, October 2021

From SPCSA:
Corrected

Status: Corrected

**2020-023, 2019-029: U.S. Department of Agriculture SNAP Cluster:
Supplemental Nutrition Assistance Program (SNAP), CFDA
10.551
State Administrative Matching Grants for the Supplemental
Nutrition
Assistance Program, CFDA 10.561
U.S. Department of Health and Human Services CCDF
Cluster:
Child Care and Development Block Grant, CFDA 93.575
Child Care Mandatory and Matching Funds of the Child Care
and Development Fund, CFDA 93.596
Child Support Enforcement, CFDA 93.563
Temporary Assistance for Needy Families, CFDA 93.558
Medicaid Cluster:
State Medicaid Fraud Control Units, CFDA 93.775
State Survey and Certification of Health Care Providers and
Suppliers (Title XVIII) Medicare, CFDA 93.777
Medical Assistance Program (Medicaid; Title XIX), CFDA
93.778 Children's Health Insurance Program (CHIP), CFDA
93.767**

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

*Initial Fiscal Year
Finding Occurred:* 2019

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

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

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

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

Administrative costs claimed were inaccurate.

Costs were overclaimed or (underclaimed) for each program as follows:

SNAP Cluster: (\$19,586)

CCDF Cluster: \$2,141

Child Support Enforcement: \$2,579

TANF Cluster: \$15,964

Medicaid Cluster: (\$10,906)

CHIP: (\$1,599)

A nonstatistical sample of two out of four quarters was selected for testing. Allocations based on full-time equivalents (FTE's) were in error. If a position turned over during the year, the departing employee and the new hire were both counted, thus duplicating the FTE count. In addition, a time tracking statistic did not agree to the underlying support.

We recommend the Division enhance internal controls to ensure review of allocation statistics is performed for accuracy.

State's Response: Reason for recurrence: internal controls were not effectively operating at the agency.

The Division will develop a checklist to be completed for verifying the statistics entered into the Division's cost allocation system match the backup documentation. Starting with quarter ending September 30, 2022.

Status: Partially corrected

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

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

Initial Fiscal Year
Finding Occurred: 2020

Finding Summary: Affects grant award 1801NVTANF2018G996115 included under CFDA 93.558 on the Schedule of Expenditures of Federal Awards.

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

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

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

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

Inaccurate information was reported to the federal awarding agency.

A nonstatistical sample of three ACF-196R reports out of eight was selected for testing.

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

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

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

State's Response: Corrected May 14, 2021.

Status: Corrected

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

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

*Initial Fiscal Year
Finding Occurred:* 2020

Finding Summary: Affects all grant awards included under CFDA 93.558 on the Schedule of Expenditures of Federal Awards.

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

Amounts were originally reported incorrectly on the SEFA.

The Nevada Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure total payments to subrecipients were appropriately reported on the SEFA.

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

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 payments to subrecipients are appropriately reported on the SEFA.

State's Response: Corrected May 14, 2021.

Status: Corrected

**2020-026: U.S. Department of Health and Human Services
CCDF Cluster:
Child Care and Development Block Grant, CFDA 93.575
Child Care Mandatory and Matching Funds of the Child Care
And Development Fund, CFDA 93.596**

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

Initial Fiscal Year
Finding Occurred: 2020

Finding Summary: Affects all grant awards included under CFDA 93.575 and CFDA 93.596 on the Schedule of Expenditures of Federal Awards.

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

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

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

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

Fraudulent payments may not be recovered.

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

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

State's Response: Reason for recurrence: internal controls were not effectively operating at the agency.

The DWSS Investigations and Recovery Unit and the Child Care Development Program will collaborate on policy manual revisions so that each unit's policies align in verbiage, timeline, and compliance. The units will also develop a comprehensive training guide and provide it to the Child Care Resource and Referral (CCR&R) Agencies.

A joint Policy Transmittal outlining the policy manual revisions will be drafted and issued for implementation of said changes within six months from the date of this notice (07/15/22).

Reason for recurrence: internal controls were not effectively operating at the agency.

Status: Partially corrected

**2020-027, 2019-034,
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: Affects all grant awards included under CFDA 93.658 and CFDA 93.659 on the Schedule of Expenditures of Federal Awards.

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

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

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

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

A nonstatistical sample of two out of four quarters was selected for testing. Two allocation methods did not agree to the cost allocation plan for one quarter and one of those allocation methods did not agree in the subsequent quarter.

However, the net result was an under-allocation of costs to Foster Care and Adoption Assistance.

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

State's Response:

Reason for recurrence: internal controls were not effectively operating at the agency.

Quarterly Cost Allocation procedures were updated to expand the validation process to confirm the most recent Cost Allocation Plan narrative matches AlloCAP, requires signature review confirmation and if a discrepancy is found, the Cost Allocation Plan Narrative is updated and submitted for approval.

Cost allocations for the periods ending 9/30/2019, 12/31/2019, 3/31/2020 and 6/30/2020 and any resulting prior quarter adjustments have been included in the quarter ending 6/30/2021 CB-496 report.

Reprocess cost allocations for the periods ending 9/30/2020, 12/31/2020, 3/31/2021 and 6/30/2021 and any resulting prior quarter adjustments will be included in the quarter ending 9/30/2022 CB-496 report.

Quarterly Cost Allocation Procedures were updated July 19, 2022.

Status:

Partially corrected

2020-028:

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

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

*Initial Fiscal Year
Finding Occurred:*

2020

Finding Summary:

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

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

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

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

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

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

We recommend the Division enhance internal controls to ensure the CB-496 is reported accurately.

State's Response: Corrective action taken: On May 7, 2021, a corrected CB-496 for the quarter ending 3/20/2020 was submitted to correct the incorrect entry.

Status: Corrected

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

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

*Initial Fiscal Year
Finding Occurred:* 2020

Finding Summary: Affects all grant awards included under CFDA 93.658 on the Schedule of Expenditures of Federal Awards.

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

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

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

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

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

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

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

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

State's Response: Corrective action taken: In February 2021 a Single Audit Review Policy was created and implemented to ensure the Grant Management Unit staff reviews single audit reports of funded subrecipients to comply with Federal program and grant requirements. Management Decision letters are issued following review of single audit reports providing an evaluation of each subrecipient's risk of noncompliance for the purpose of determining appropriate subrecipient monitoring.

Status: Corrected

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

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

Initial Fiscal Year
Finding Occurred: 2020

Finding Summary: Affects all grant awards included under CFDA 93.767 on the Schedule of Expenditures of Federal Awards.

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

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

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

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

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

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

State’s Response: Reason for recurrence: internal controls were not effectively operating at the agency.

HOH UPI redacted/Child UPI redacted-Worker incorrectly enrolled child in NCU even though other insurance coverage was reported on application.

Corrective Action: Child was terminated effective 3/22 due to other insurance coverage.

HOH UPI redacted/Child UPI redacted-Worker failed to complete re-evaluation for a higher aid code (REHA function) to obtain correct eligibility.

Corrective Action: REHA function was completed on 9/16/20 to obtain correct eligibility.

HOH UPI redacted/Child UPI redacted-Worker failed to complete re-evaluation for higher aid code (REHA function) to obtain correct eligibility.

Corrective Action: REHA function was completed on 1/21/22 to obtain correct eligibility.

HOH UPI redacted/Child UPI redacted-Worker failed to complete re-evaluation for higher aid code (REHA function) to obtain correct eligibility.

Corrective Action: Head of Household (HOH) contacted the agency on 6/10/21 to report that child had moved out of state. Child terminated effective 7/21 due to moving out of state.

HOH UPI redacted/Child UPI redacted-Worker failed to complete re-evaluation for higher aid code (REHA function) to obtain correct eligibility.

Corrective Action: This child was placed in the incorrect aid category at the time of the audit; however, the agency received a 2074 on 7/26/21 from the HOH reporting a change in income and household composition. Based on the most current reported changes, a re-evaluation was completed and the child is appropriately enrolled in NCU at this time.

The Division of Welfare and Supportive Services (Division) will collaborate with all appropriate parties to initiate a mandatory annual REHA training (within the next 6 months), for field staff to complete to assist in the mitigation of these errors in the future.

The Eligibility and Payments (E&P) team will also work closely with the Internal Controls and Audit team within the Division to ensure internal controls are strengthened. The Division anticipates the internal controls to be updated within six months, at which time an update will be provided.

Status: Partially corrected

**2020-031, 2019-038,
2018-044, 2017-034: U.S. Department of Health and Human Services
Children's Health Insurance Program (CHIP), CFDA 93.767**

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

*Initial Fiscal Year
Finding Occurred:* 2017

Finding Summary: Affects all grant awards included under CFDA 93.767 on the Schedule of Expenditures of Federal Awards.

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

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

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

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

Inaccurate information was reported to the federal awarding agency.

A nonstatistical sample of two CMS-21 reports out of four was selected for testing.

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

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

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

State's Response:

- Draw Reconciliation completed during the quarter
 - This corrective action was successfully implemented during Quarter ending September 30, 2020.
- The Federal reporting team's procedures are being updated to include review and sign off by all staff, supervisors, and Administrators
 - This corrective action has been partially implemented including review by all Federal Reporting staff and supervisors. Remaining items of the corrective action include finishing updates made to procedures and inclusion of administrators. The remaining items are expected to be implemented by October 2021.

Status: Partially corrected

2020-032:

**U.S. Department of Health and Human Services
Medicaid Cluster:
State Medicaid Fraud Control Units, CFDA 93.775
State Survey and Certification of Health Care Providers and
Suppliers (Title XVIII) Medicare, CFDA 93.777
Medical Assistance Program (Medicaid; Title XIX), CFDA
93.778**

Eligibility

Material Weakness in Internal Control over Compliance

Initial Fiscal Year

Finding Occurred: 2020

Finding Summary: Affects all grant awards included under CFDA 93.778 on the Schedule of Expenditures of Federal Awards.

States are required to determine eligibility in accordance with the eligibility requirements defined in the approved State plan (42 CFR 435). The State plan describes certain aid categories, including the eligibility criteria and potential benefits allowed under the aid categories for individuals whose eligibility determination is based on factors other than Modified Adjusted Gross Income, i.e., Aged, Blind and Disabled (MAABD).

Individuals were deemed eligible but were placed in an incorrect aid category or did not have documentation to support the eligibility determination.

The Nevada Division of Welfare and Supportive Services (the Division) did not have adequate internal controls to ensure aid categories were accurate and that case files were complete.

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

Known questioned costs of \$442, projected questioned costs are undeterminable.

A nonstatistical sample of 68 out of approximately 22,000 MAABD eligibility determinations was selected for testing. Two individuals had the incorrect aid code classified. In addition, an application was not available and could not be reviewed for one individual.

We recommend the Division enhance internal controls to ensure that aid categories are accurate and that case files are complete.

We recommend the Division enhance internal controls to ensure that aid categories are accurate and that case files are complete.

State's Response: Reason for recurrence: internal controls were not effectively operating at the agency.
HOH UPI redacted-Case was originally posted with the correct aid code. It was then changed to a different, but still correct aid code when the client started receiving SSI; then changed back correctly again when SSI terminated; however, the case worker believed that the original SSI aid code was a higher level of coverage, so it was changed back again, incorrectly.
Corrective Action: Case was corrected when a task was received to work an overdue redetermination during the audit period.

HOH UPI redacted-There was no application found to validate case processing in 11/2020.

Corrective Action: The District Office was unable to find the application. No corrective action was taken, as at the time of the audit, a Redetermination (RD) had already been initiated.

The Division of Welfare and Supportive Services (Division) will collaborate with all appropriate parties to ensure aid code training is completed during the Division's Academy for newly hired field staff, so it is understood how aid codes affect the client.

Additionally, reminder tips/training will be given to all field staff on at least an annual basis.

The Eligibility and Payments (E&P) team will also work closely with the Internal Controls and Audit team within the Division to ensure internal controls are strengthened. The Division anticipates the internal controls to be updated within six months, at which time an update will be provided.

Status: Partially corrected

**2020-033: U.S. Department of Health and Human Services
Medicaid Cluster:
State Medicaid Fraud Control Units, CFDA 93.775
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare, CFDA 93.777
Medical Assistance Program (Medicaid; Title XIX), CFDA 93.778**

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

*Initial Fiscal Year
Finding Occurred:* 2020

Finding Summary: Affects all grant awards included under CFDA 93.775, CFDA 93.777, and CFDA 93.778 on the Schedule of Expenditures of Federal Awards.

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

The Nevada Division of Health Care Financing and Policy (the Division) is required to submit *Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program* (CMS-64) reports based on actual recorded expenditures (42 CFR 430.30).

Amounts reported on the CMS-64 were not supported by the underlying accounting information.

The Division did not have adequate internal controls to ensure CMS-64 reports were accurate.

Inaccurate information was reported to the federal awarding agency.

A nonstatistical sample of two CMS-64 reports out of four was selected for testing.

The December 31, 2019 CMS-64 report, Line 19A was understated by \$64,346 (Total Computable Column).

The March 31, 2020 CMS-64 report had the following variances (Total Computable Column):

- Line 8 was understated by \$539
- Line 10 was understated by \$1,863
- Line 11 was understated by \$686
- Line 16 was understated \$3,041
- Line 19A was understated by \$3,299,781
- Line 29 was understated by \$235
- Line 37 was understated by \$18,390
- Line 38 was understated by \$762
- Line 40 was understated by \$324
- Line 49 was understated by \$2,125

We recommend the Division enhance internal controls to ensure CMS-64 reports are accurate.

State's Response:

- The procedures and work performance standards are currently being updated so that all formulas and reporting totals will be double checked in the future by both the preparer of the report as well as the supervisor.
 - This corrective action was successfully implemented during Quarter ending September 30, 2020. Supervisor review has been completed each quarter since audit finding.
 - Remaining items of the corrective action include updating procedures and inclusion of administrators.
 - The agency's remaining items are expected to be implemented by October 2021.

Status: Partially corrected

**2020-034, 2019-040: U.S. Department of Health and Human Services
Medicaid Cluster:
State Medicaid Fraud Control Units, CFDA 93.775
State Survey and Certification of Health Care Providers and
Suppliers (Title XVIII) Medicare, CFDA 93.777
Medical Assistance Program (Medicaid; Title XIX), CFDA
93.778**

**Special Tests and Provisions – ADP Risk Analysis and System
Security Review
Material Weakness in Internal Control over Compliance and
Material Noncompliance**

*Initial Fiscal Year
Finding Occurred:* 2019

Finding Summary: Affects all grant awards included under CFDA 93.775, CFDA 93.777, and CFDA 93.778 on the Schedule of Expenditures of Federal Awards.

State Medicaid Agencies (SMA) are required to establish and maintain a program for conducting periodic risk analyses to ensure that appropriate and cost-effective safeguards are incorporated into new and existing systems. This includes performing risk analyses whenever significant system changes occur. SMAs shall review the ADP system security installations involved in the administration of HHS programs on a biennial basis. At a minimum, the reviews shall include an evaluation of physical and data security operating procedures, and personnel practices (45 CFR 95.621).

No review over the ADP system was completed.

The Nevada Division of Health Care Financing and Policy (the Division) did not have internal controls to ensure an ADP review was completed when required.

Security of the ADP system may be insufficient.

No sampling was used. The Division implemented major system changes in February 2019 and the previous ADP system review was completed in June 2017.

We recommend the Division implement internal controls to ensure an ADP review is completed when required.

State's Response: DHCFP procured a vendor to perform a Security Risk Assessment of DHCFP systems, policies, and procedures. The Assessment was initiated in July of 2020 and completed by the end of September 2020. The assessment reports (Technical Assessment and HIPAA Gap Assessment) have been submitted to interested parties (Eide Bailly, CMS and Nevada legislative Counsel Bureau) through appropriate channels. The next Risk Assessment for DHCFP will occur in July of 2022.

Eide Bailley (the auditing entity) confirmed that the completion of the audit in September 2020 addresses the audit finding and won't be a finding for future audits as long as the DHCFP completes Risk Assessments on a biennial basis.

Status: Corrected

**2019-011, 2018-010: U.S. Department of Justice
Crime Victim Assistance, CFDA 16.575**

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

*Initial Fiscal Year
Finding Occurred:* 2018

Finding Summary: Affects all grant awards included under CFDA 16.575 on the Schedule of Expenditures of Federal Awards.

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

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

The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls to ensure contracts under federal awards contained all of the applicable provisions.

Contractors may not be aware of required terms and conditions.

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

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

State's Response: Corrected

Status: Corrected

**2019-015: U.S. Department of Labor
WIOA Cluster:
WIA/WIOA Adult Programs, CFDA 17.258 WIA/WIOA
Youth Activities, CFDA 17.259
WIA/WIOA Dislocated Worker Formula Grants, CFDA
17.278**

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

*Initial Fiscal Year
Finding Occurred:* 2019

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

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

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

The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have adequate internal controls to ensure that all information in the PIRL was accurate or supported by underlying information.

Inaccurate information was reported to the federal awarding agency.

A nonstatistical sample of 60 out of 9,502 participant records was selected for testing.

Two of 60 records had an error regarding Data Element 1800 (Credential Attainment Rate) where the incorrect credential was reported. Specifically, while the participant obtained a “Certificate”, it was reported that the participant obtained a “Certification”.

One of 60 records had an amount reported under Data Element 1704 (Median Earnings, Median Wages 2nd Quarter After Exit), which we were unable to examine discernible evidence that supported the wages reported.

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

State's Response:

Updated Nevada DETR Response as of September 2020

Due to the operational effects of COVID-19, the Technical Assistance Guidance (TAG) was drafted but never finalized and/or distributed. However, this item is now complete and satisfied as of September 17, 2020. Attached is TAG 20-3, which has been disseminated to the local boards and case managers that provides instructions and protocol on the methodology and requirements of recording and demonstrating supplemental wages in the state's management information system (MIS). This guidance will be reinforced through all EmployNV training.

Reason for Recurrence

The Department remedied finding 2019-015 on September 17, 2020 as iterated above. Since finding 2019-015 remains open, the Department is providing further detail in the following response that contains specific action steps taken on the corrective action plan, which has enhanced the internal controls and is ensuring that all information that the local boards and training providers who are the case managers entering performance data into the Department's workforce case management information system - EmployNV is accurate and supported by underlying information.

Nevada DETR's Response as of August 2021

The Department remedied finding 2019-015 at the time of the September 2020 response as stated above. The following outlines the full corrective action plan that the Department took, which has enhanced the Department's internal controls to ensure that all information in the PIRL is accurate and supported by underlying information, which fully addressed the finding of 2019-015:
09/17/2020: The Department developed Technical Assistance Guidance (TAG) 20-03: Proper Documentation of Supplemental Wages and disseminated to the local workforce development boards and training providers whose case managers and staff are entering performance data in the Department's workforce case management information system - Employ NV, which maintains and produces the Federal performance reporting contained in the PIRL.

TAG 20-03 provides case managers and staff clarifying language and corrections to the operating parameters and to the calculations of the numerators and denominators for the WIOA primary indicators of performance, specifically:

- a. The collection date of the supplemental earnings;
- b. The method of contact with the client and/or follow up comment describing how the information was received;
- c. Employer verification including the method by which the verification was received;
- d. Check stubs or information received from the client case management survey of employment; and
- e. A notation of how the amounts were determined and how they support the wages reported.

TAG 20-03 is in compliance with U.S. DOL's TEGL 10-16 and subsequent technical assistance provided by U.S. DOL with regards to the performance accountability system under section 116 of WIOA and implementation of joint regulations in 20 CFR 677 and 34 CFR parts 361 and 463. Therefore, the Department respectfully requests that finding 2019-015 be determined satisfied and be closed.

Date of Completion: September 17, 2020

Status:

Corrected

2019-016, 2018-019: U.S. Department of Labor
WIOA Cluster:
WIA/WIOA Adult Programs, CFDA 17.258
WIA/WIOA Youth Activities, CFDA 17.259
WIA/WIOA Dislocated Worker Formula Grants, CFDA
17.278

Subrecipient Monitoring
Material Weakness in Internal Control over Compliance

Initial Fiscal Year
Finding Occurred: 2018

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

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

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

The Department of Employment, Training and Rehabilitation (the Department) did not have internal controls in place to ensure subawards contained all required information and that the CFDA number was communicated on each subrecipient payment.

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

A nonstatistical sample of three subawards out of a population of 14 was selected for testing. None of the subawards contained all the required information. In addition, a nonstatistical sample of 60 out of a population of 599 payments to subrecipients was selected for testing. The Department did not communicate the award's CFDA number at the time of disbursement for 39 of the 60 payments.

We recommend the Department enhance internal controls to ensure subawards contain all required information and that the CFDA number is communicated on each subrecipient payment.

State's Response:

Updated Nevada DETR Response as of September 2020

Finding 2019-016 was completed and satisfied as of March 6, 2020 through the amendment of the Department's subgrant form as noted above and attached to the Department's previous response to this single audit finding. Attached for reference is the Department's amended subgrant form, Attachment B, which was provided in the Department's previous response. It is respectfully requested that finding 2019-016 be closed.

Reason for Recurrence

The Department remedied finding 2019-016 on March 6, 2020 as stated in the September 2020 response. Since finding 2019-016 remains open, the Department is providing further detail in the following response that contains specific action steps taken on the corrective action plan, which has enhanced the internal controls and is ensuring that the Department's Notice of Subgrant Award contains all of the required information pursuant to 2 CFR Part 200, and that all subrecipient payments contain the respective CFDA number that is specific to the associated Federal grant funding.

Nevada DETR's Response as of August 2021

The Department (including Financial Management (FM) Bureau and Employment Security Division (ESD)) remedied finding 2019-016 at the time of the September 2020 response, and included a copy of the revised subgrant template with the September 2020 response.

The following outlines the full corrective action plan that the Department took, which has enhanced the Department's internal controls to ensure that all Federal subawards contain all of the required information in compliance with 2 CFR Part 200, and that the associated CFDA is communicated on each subrecipient payment advices, which fully addressed the finding of 2019-016:

03/06/2020: The Department revised its Notice of Subgrant Award template with the required Catalog of Federal Financial Assistance (CFDA) number field and has been using said template for all subgrant awards.

The Department prescribed a CFDA number field on all non-Federal subrecipient payment advices, which communicates that specific CFDA number that is specific to the respective the Federal funding source to subrecipients.

The Department received technical assistance through U.S. DOL for review of its current subgrant award template, which is currently in compliance with 2 CFR §200.303 Internal Controls. Furthermore, the Department has prescribed the respective CFDA

number field that specifically communicates the federal grant funding identifier to the subrecipient. However, proper communication of the Federal Award Identification Number (FAIN) did not occur at the time of award. Therefore, the Department concludes that finding 2019-016 has only been partially corrected.

Status: Partially corrected

**2019-017: U.S. Department of Labor
WIOA Cluster:
WIA/WIOA Adult Programs, CFDA 17.258
WIA/WIOA Youth Activities, CFDA 17.259
WIA/WIOA Dislocated Worker Formula Grants, CFDA 17.278**

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

*Initial Fiscal Year
Finding Occurred:* 2019

Finding Summary: Affects all grant awards included under CFDA 17.259 and CFDA 17.278 on the Schedule of Expenditures of Federal Awards.

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

Amounts were originally reported incorrectly on the SEFA.

The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have adequate internal controls to ensure total federal expenditures and payments to subrecipients were appropriately reported on the SEFA.

Prior to correction, the total federal expenditures and payments to subrecipients on the SEFA for CFDA 17.259 were understated by \$674,361 and \$666,753, respectively. In addition, the total federal expenditures and payments to subrecipients on the SEFA for CFDA 17.278 were understated by \$2,879,297 and \$1,625,139, respectively.

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

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

State's Response:

Updated Nevada DETR Response as of September 2020

DETR Financial Management (FM) Bureau performed a reconciliation to Nevada DA WN's "List Job Number Totals By Budget Account" report to ensure all federal job numbers are included on either the SEF A Certification or manual SARFs. In addition, the procedures include two additional approval levels of reviewer and certification prior to submittal. The Deputy CFO and CFO are now reviewing and certifying the reports before submittal.

Full corrective action taken.

Nevada DETR's Response as of August 2021

Please note that there is no change from the prior NV DETR response. The problem has been corrected.

Estimated Date of Completion: September 2020 and ongoing

Status:

Corrected

2019-018:

**U.S. Department of Veterans Affairs
Grants to States for Construction of State Home Facilities,
CFDA 64.005**

**Allowable Costs/Cost Principles
Material Weakness in Internal Control over Compliance**

Initial Fiscal Year

Finding Occurred: 2019

Finding Summary:

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

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

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

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

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

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

No sampling was used. We examined the total unbilled costs and noted approved pre-award project costs from fiscal years 2014-2018 as well costs in fiscal year 2019 that were not reconciled or billed.

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

State's Response: Partial corrective action taken. NDVS and SPWD have started working on the written procedure. It has not been finalized or approved by both Departments due to some delays regarding the pandemic. This was originally anticipated to be completed by January 1, 2021; however, due to personnel changes in both departments and competing COVID-19 priorities this date was not met and a revised date of January 30, 2022 has been set.

Status: Partially corrected

**2019-019: U.S. Department of Veterans Affairs
Grants to States for Construction of State Home Facilities,
CFDA 64.005**

**Cash Management and Reporting
Significant Deficiency in Internal Control over Compliance**

*Initial Fiscal Year
Finding Occurred:* 2019

Finding Summary: Affects all grant awards included under CFDA 64.005 on the Schedule of Expenditures of Federal Awards.

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

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

While no instances of noncompliance were noted, there was no discernible evidence of appropriate segregation of duties in preparation of reimbursement requests (SF-271 reports).

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

Inaccurate information may be reported to the federal awarding agency.

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

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

State's Response: Corrected as of March 5, 2020.

Status: Corrected

**2019-020: U.S. Department of Veterans Affairs
Grants to States for Construction of State Home Facilities,
CFDA 64.005**

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

*Initial Fiscal Year
Finding Occurred:* 2019

Finding Summary: Affects all grant awards included under CFDA 64.005 on the Schedule of Expenditures of Federal Awards.

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

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

The Nevada Department of Veterans Services (the Department) did not have adequate internal controls to ensure contracts under federal awards contained all of the applicable provisions.

Contractors may not be aware of required terms and conditions.

A nonstatistical sample of 26 procurement transactions out of 148 was selected for testing, including ten contracts subject to Appendix II to Part 200. Six of the ten contracts were missing certain applicable provisions.

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

State's Response: Partial corrective action taken. NDVS and SPWD have started working on the written procedure. It has not been finalized or approved by both Departments due to delays regarding the COVID-19 pandemic and personnel changes in both departments. This is anticipated to be completed by January 30, 2022.

Status: Partially corrected

**2019-021: U.S. Department of Veterans Affairs
Grants to States for Construction of State Home Facilities,
CFDA 64.005**

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

*Initial Fiscal Year
Finding Occurred:* 2019

Finding Summary: Affects all grant awards included under CFDA 64.005 included on the Schedule of Expenditures of Federal Awards.

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

Amounts were originally reported incorrectly on the SEFA.

The Nevada Department of Veterans Services (the Department) did not have adequate internal controls to ensure total federal expenditures were appropriately reported on the SEFA.

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

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

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

State's Response: Partial corrective action taken. Information was submitted to the State Controller's Office on February 20, 2020 to correct the SEFA. For future SEFA reporting, NDVS and SPWD have started working on the written procedure. It has not been finalized or approved by both Departments due to delays regarding the COVID-19 pandemic and personnel changes in both departments. This is anticipated to be completed by January 30, 2022.

Status: Partially corrected

**2019-027: U.S. Department of Education
Rehabilitation Services Vocational Rehabilitation Grants to States, CFDA 84.126**

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

*Initial Fiscal Year
Finding Occurred:* 2019

Finding Summary: Affects grant award #H126A180041 included under CFDA 84.126.

The *OMB Compliance Supplement* indicates that states must reserve and expend at least 15 percent of pre-employment transition services to students with disabilities who are eligible, or potentially eligible, for VR services.

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

The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have adequate internal controls to ensure pre-employment transition service expenditures were at least 15 percent of the VR allotment expended.

Pre-employment transition services were underfunded.

No sampling was used. Total expenditures were \$18,531,753, which would require at least \$2,779,763 to be expended towards pre-employment transition services. However, only \$2,082,080 was spent, which is a deficit of \$697,683.

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

State's Response:

Updated Nevada DETR Response as of September 2020

Nevada VR has not been able to make progress on this finding. Nevada's Governor issued his Declaration of Emergency on March 12, 2020 due to the COVID-19 pandemic. Nevada VR offices were subsequently closed on March 17. The Governor issued a hiring freeze, which included contractors. Therefore, Nevada VR lost 3 of its 4 transition coordinators whose jobs were to liaison with schools to arrange for the delivery of Pre-ETS. Additionally, VR was considered "non-essential" in Nevada. With that status, Nevada VR was only able to resume delivering services to clients in mid-April when DETR provided Nevada VR with a cloud VPN solution so staff could work from home. Those services were of a limited scope, until recently. As of July, Nevada VR resumed delivering all services to clients, as needed and as available. One of our contracted transition coordinators will be able to resume her duties as of August 31. Delivery of Pre-ETS will increase, however, due to the pandemic shutdown, Nevada VR will not have increased its delivery of Pre-ETS this year over the prior year.

Partial corrective action taken, due to challenges with service delivery caused by COVID-19 and reduction in available match (non-federal) funds which was caused by reduction in state general fund, the elimination of Third Party Cooperative Arrangements and a reduction of BEN Program expenditures.

Nevada DETR's Response as of August 2021

The circumstances facing the program as documented in September 2020 remain much the same. Nevada experienced a brief reprieve from pandemic closures after implementation of the vaccines, but in July 2021, test positivity numbers again began to rise, ultimately peaking at 16.5 percent due to the Delta Variant. Again, the Governor instituted masks mandates and social distancing limitations. Many schools, especially in southern Nevada are experiencing spikes in student positivity for the COVID-19 virus and are returning to virtual instruction. This will make the delivery of Pre-ETS services a continuing challenge and will make spending the required 15% a challenge. To ameliorate this to the greatest extent, Nevada VR is purchasing PAES Labs for individual high schools, which is a Pre-ETS delivery system, and

working more with district transition coordinators to facilitate virtual Pre-ETS. Nevada VR will continue to work to meet the earmarking requirements in conjunction with pandemic shutdowns.

Date of Completion: Partially Resolved 2021

Status: Partially corrected

**2019-028, 2018-027,
2017-024, 2016-029: U.S. Department of Education
Rehabilitation Services Vocational Rehabilitation Grants to
States, CFDA 84.126**

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

*Initial Fiscal Year
Finding Occurred:* 2016

Finding Summary: Affects all grant awards included under CFDA 84.126 on the Schedule of Expenditures of Federal Awards.

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

Information in the Case Service Report (RSA-911) was reported inaccurately or not supported by underlying information.

The Nevada Department of Employment, Training and Rehabilitation (the Department) did not have adequate internal controls to ensure key data elements in the RSA-911 were accurate or supported by underlying information.

Inaccurate information was reported to the federal awarding agency.

A nonstatistical sample of 60 out of 2,467 individuals included on the RSA-911 report was selected for testing. Of the 60 individuals tested, we noted seven instances where a copy of the signed application was not maintained in support of the reported application dates. We also noted one instance where an applicant reported did not agree to the underlying application.

Additionally, we noted one instance of an incorrect start of employment date reported.

We recommend the Department enhance internal controls to ensure key data elements in the RSA-911 are accurate and supported by underlying information.

State's Response:

Updated Nevada DETR Response as of September 2020

AWARE has been operating for a year since its implementation and warranty period ended. Staff are now comfortable with the tool, which is greatly improved over the previous case management system. To add to our efficiency, DocuSign went live in the VR program in April 2020. Staff and clients have both embraced its usage in this pandemic environment. Lastly, staff are actively utilizing the of pop-up reminders, as described above.

Nevada VR was unable to purchase the enhancement that was described in our previous response. That enhancement would have allowed a supervisor to check a box on the IPE when it has been approved, rather than approval being noted by the signature start date of the reviewing supervisor. Nevada VR intends to add this enhancement in the future, as funding permits. Due to current circumstances related to the pandemic and 19% budget reductions, this has been delayed. However, we believe the combined efficiencies that have already been implemented, as described, have corrected this finding for Nevada VR.

Full corrective action taken. The finding has been resolved and agency has not experienced recurrence of this issue.

Nevada DETR's Response as of August 2021

Michael Beers, manager with Eide Bailly CPA firm on March 1, 2021 via email to Business Process Analyst 3 noted that the RSA 911 reporting was sufficient and indicated that "the summary of status of prior audit findings reported in the year ending June 30, 2019 (Finding 2019-28) has been resolved."

Date of Completion: Resolved 2021

Status:

Corrected

2019-037:

**U.S. Department of Health and Human Services
Adoption Assistance, CFDA 93.659**

**Matching, Level of Effort, and Earmarking and Reporting
Material Weakness in Internal Control over Compliance and
Material Noncompliance**

Initial Fiscal Year

Finding Occurred: 2019

Finding Summary:

Grant Award Number: Affects all grant awards included under CFDA 93.659 on the Schedule of Expenditures of Federal Awards.

Criteria: The *OMB Compliance Supplement* indicates that a Title IV-E agency is required to spend an amount equal to any savings in state expenditures under Title IV-E as a result of applying the differing program eligibility rules to applicable children for a fiscal year for any services that may be provided under Title IV-B or IV-E.

Agencies must calculate the adoption savings and report annually to the Administration for Children and Families the methodology used, the amount of savings, and how the savings are spent. Agencies report this information on the Title IV-E Programs Annual Adoption Savings Calculation and Accounting Report (CB-496, Part 4).

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

Condition: The amount of savings expended were reported inaccurately.

Cause: The Nevada Division of Child and Family Services (the Division) did not have adequate internal controls to ensure the amount of expenditures from adoption savings were accurately tracked and reported.

Effect: Inaccurate information was reported to the federal awarding agency and adoption savings have not been utilized to supplement services.

Context/Sampling: No sampling was used; the annual adoption savings are reported annually. Prior year cumulative savings expenditures in Section B of the CB-496, Part 4 were reported as \$3,231,314. However, the Division has not yet implemented a

program to utilize its savings and those expenditures are not supported by underlying information.

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

State's Response: New corrective action: The Fostering Connections report was determined to have a flaw in the logic. This Unity system issue was corrected on August 17, 2021.

Partial corrective action taken: The Fostering Connections report is in the process of being verified and the federal CB-496, Part IV, corrected sequentially from FFY 2015 going forward with a goal completion date of October 29, 2021.

Status: Partially 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: Full corrective action taken.

Nevada DETR's Response as of August 2021

There is no change to the prior update as Nevada DETR Financial Management (FM) Bureau has been adding the required provisions to all contracts.

Estimated Date of Completion: Immediate and ongoing

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:

Pursuant to the Nevada Department of Education's (NDE) initial response to this finding, federal draws were increased to twice per week and additional internal controls put into place to support appropriate documentation for records of all draws. This corrective action was effective December 2021. Subsequent strengthening of the federal draws process, pursuant to this audit finding and the *OMB Compliance Supplement*, NDE has since developed more rigorous controls to include internal controls procedures and business rules, effective June 2022. Available documentation includes the Business Rule: Federal Draws; an excerpt from the NDE Internal Controls Manual relevant to Federal Draws; and documentation related to current biweekly draws.

Corrected, December 2021.

Status:

Not Corrected

**2018-024, 2017-021: U.S. Department of Education
Rehabilitation Services Vocational Rehabilitation Grants to
States, CFDA 84.126**

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

Initial Fiscal Year
Finding Occurred: 2017

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

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

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

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

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

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

State's Response: **Nevada DETR's Updated Response in September 2020**
Of the contracts mentioned in the May 2019 update, these were all completed, effective July 1, 2019. Copies of these contracts were previously submitted.

Full corrective action taken. The finding has been resolved in 2019 and agency has not had recurrence of this issue.

Nevada DETR's Response as of August 2021

The finding has been resolved in 2019 and agency has not had recurrence of this issue.

Date of Completion: Resolved 2019

Status: Corrected

**2018-025, 2017-022,
2016-030:**

**U.S. Department of Education
Rehabilitation Services Vocational Rehabilitation Grants to
States, CFDA 84.126**

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

*Initial Fiscal Year
Finding Occurred:* 2016

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

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

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

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

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

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

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

State's Response:

Nevada DETR's Updated Response in September 2020

All current contracts have this provision added.

Full corrective action taken. The finding has been resolved in September 2020 and agency has not experienced recurrence of this issue.

Nevada DETR's Response as of August 2021

The Contract Provisions for Non-Federal Entity Contracts Under Federal Awards (in accordance with 2 C.F.R. Part 200, Appendix II) has been added to all Rehabilitation Division contracts. All were remediated by September 2020, additionally;

As part of the State of Nevada's Purchasing rules and regulations and being a Certified Contract Manager with the State of Nevada, the Rehabilitation Division's Contract Manager conducts a search at <https://sam.gov/content/exclusions> (as provided for on Purchasing's website) for debarred vendors prior to awarding the vendor with a contract with the Rehabilitation Division.

Date of Completion: Resolved 2020

Status:

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 Updated Response in September 2020**
There are multiple contributing factors that were at play to contribute to these findings. These programmatic challenges have all been addressed or have plans in motion to address them. There are two significant changes that have impacted this finding. The

first, and most important change is that on April 22, 2019 Nevada Vocational Rehabilitation (VR) went live with AW ARE. AW ARE is a cloud-based case management system designed, built and maintained by Alliance Enterprises, Inc. For the first time, Nevada VR can capture and meet all the reporting requirements of the RSA-911 report since the Workforce Innovation and Opportunity Act (WIOA) became law.

The second highly impactful change was the addition of DocuSign to the signature process for all documents in AW ARE. In addition to being impossible to meet the reporting requirements in our prior system, it was also very difficult to be data compliant in real time. Now, with AW ARE being cloud-based, and with the purchase of DocuSign and tablet computers, Rehabilitation Counselors have been able to write, send/email, get signatures and capture plans all on the same day. This has been highly impactful during the COVID-19 pandemic, to enable Rehabilitation Counselors working from home to work with their clients who they cannot meet with in person. This streamlining has enabled clients to sign documents electronically, in real time, and have the signed documents go straight into the client's case file in AWARE.

To ensure all Rehabilitation Counselors understand the importance of timely IPE development, NBVR now requires all new Counselors take training on the newly developed e-Rehab platform as it relates to IPEs. Additionally, all counselors will take this training annually as a refresher. Rehabilitation Supervisors and Managers routinely review weekly Aging reports and perform quarterly case file reviews of 100% of each counselor case load. Supervisors and Managers notify Counselors to act on cases without an IPE at 80 days, including completion of the IPE or an extension. Based upon Quality Assurance case reviews and quarterly reviews, Supervisors and Managers develop goals and strategies on common issues noted in the reviews and utilize mentorship from high performing counselors and specialized formal training to ensure improvement.

The e-Rehab training platform updates were initially completed on July 16, 2020 by San Diego State University. Small issues were noticed, and revisions were then made with the final product completed on July 27, 2020. On July 23, 2020 the Deputy Administrator sent an email to statewide managers informing them that e-Rehab was complete and reminding them of the requirement of all new staff, upon hire, and all staff annually, to complete e-Rehab, which includes specific training on IPE timeframes. Administration is tracking mandatory completion of e-Rehab for all counselors with a deadline of September 30, 2020.

Lastly, in compliance with 34 C.F.R. §§ 361.45(a)(1) and (e) to ensure IPEs are developed within the statutory 90-day time frame from the date of eligibility determination, NBVR has reviewed cases for two consecutive quarters demonstrating a 90% compliance in the 2nd quarter and a 91 % compliance in the 3rd quarter which is considered compliant and meeting standards by the Rehabilitation Services Administration (RSA).

Full corrective action taken. The finding has been resolved in September 2020 and agency has not experienced recurrence of this issue.

Nevada DETR's Response as of August 2021

Following the detailed corrective action identified in the update from September 2020, this finding was considered compliant and complete as of the last report, dated September 2020.

However, Rehabilitation Counselors are required to complete e-Rehab training on Individualized Plans for Employment (IPE) annually as a refresher. This training mandate will continue into the future. This year's deadline for completion of the IPE e-Rehab module is September 30, 2021.

Date of Completion: Resolved 2020

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: 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 June 30, 2021, this request has not been approved.

As of March 30, 2017, prior to entering into agreements with contractors or grant subrecipients, staff verifies that each party is neither suspended nor debarred through a review of the Excluded Parties List System.

As of March 30, 2017, the Department of Administration added language to its standard contract form regarding suspension and debarment and lobbying activities.

As of September 27, 2018, the Division received approval from the Department of Administration to add language to its contracts regarding the Clean Air Act and the Federal Water Pollution Control Act.

As of April 15, 2019, the State Public Works Division has updated the State Lease templates with the required federal language.

As of July 1, 2020, the Division has developed an annual process in State Fiscal Year 21 to conduct suspension and debarment verifications for all contractors that receive federal funds to ensure division-wide compliance of this requirement.

Reason for Recurrence:

Nevada State Purchasing Division has not updated the statewide contracts to include the applicable provisions described in Appendix II to Part 200 for contracts under federal awards. The agencies are required to use these contracts and therefore are subject to audit findings every year.

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

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: As of July 1, 2020, the Division subaward provides for the required language per 2 CFR 200.501 and requires every subrecipient to validate federal expenditures over \$750,000. Additionally, each subrecipient is required to complete the risk assessment questionnaire which is evaluated by the program staff. The Division of Public and Behavioral Health Contract Unit have created a checklist to ensure the risk assessment is complete. Each risk assessment is maintained with the subaward to ensure compliance.

As of July 1, 2020, the Division Auditor III is ensuring audit reports are being received, reviewed, followed up, logged, and tracked through completion. They also work with the assigned Administrative Services Officer, and program staff to ensure the Management review and corrective actions/findings are reviewed and approved by Division Administration.

Status: Corrected

**2018-049, 2017-037: U.S. Department of Health and Human Services
Block Grants for Prevention and Treatment of Substance
Abuse, CFDA 93.959**

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

*Initial Fiscal Year
Finding Occurred:* 2017

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

- A. Pass-through entities ensure that every subaward includes certain information at the time of the subaward and that the award's CFDA number is identified to the subrecipient at the time of disbursement.
- B. Pass-through entities evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. In addition, the subrecipient monitoring must ensure that the subaward is used for authorized purposes.
- A. Subawards did not include certain information required by Uniform Guidance. In addition, the award's CFDA number was not identified at the time of disbursement.
- B. An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed. In addition, monitoring activities were not performed to ensure the subaward was used for authorized purposes.

The Nevada Division of Public and Behavioral Health (the Division) did not have adequate internal controls to ensure compliance with subrecipient monitoring requirements.

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

- A. A nonstatistical sample of 25 subawards out of a population of 164 was selected for testing. None of the subawards contained all the required information. In addition, we selected a nonstatistical sample of 60 pass-through payments to subrecipients and one of the payments did not identify the award's CFDA number.
- B. A nonstatistical sample of 15 subrecipients out of a population of 59 was selected for testing. The Division did not adequately evaluate risk of noncompliance for purposes of determining the appropriate subrecipient monitoring for any of the subrecipients. In addition, the Division did not adequately monitor the activities of six of the 15 subrecipients to ensure the subaward was used for authorized purposes.

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

State's Response: As of April 1, 2017, the agency implemented the "CFDA number, name and amount" within the "Additional Description" field of all payment vouchers. The Accounting Unit and Grant Management Unit provided additional training to ensure compliance.

As of July 1, 2017, The Bureau of Behavioral Health Wellness and Prevention (SAPTA Program) conducts monitors on its subrecipients on a two-year rotating basis. At the time a monitor is scheduled, the single audit is downloaded from the Federal Audit Clearinghouse (if applicable and available) and reviewed. The monitor staff review this single audit to review the independent CPA's risk assessment of the subrecipient and to determine if any of the findings are related to the Bureau's funding sources and/or grant management issues in general. During the monitor, the monitor staff review all risk assessment requirements established in Title 2 of the Code of Federal Regulations Part 200. Upon completion of the monitor, the monitor staff formalize their findings and establish a risk level for the subrecipient. This risk level determines the frequency of monitors and technical assistance that the subrecipient is to receive moving forward. Additionally, this level is reviewed later when a decision is needed to fund the subrecipient for future funding opportunities.

As of June 1, 2021, the SAPTA program will perform a desk review or reimbursement request backup documentation audit on the subrecipient to satisfy the interim year requirement.

As of July 1, 2018, Risk Assessment tools were developed collaboratively by Division Fiscal and Program staff and has been implemented. Beginning June 1, 2021, the program staff will ensure documentation is noted as to the reason for the risk assessment level selected for the subrecipient.

As of March 15, 2019, the agency has updated the templates for subawards per guidance of 2 CFR Part 200. Training of Fiscal/Grants Management Unit staff has been completed to ensure current procedures are followed.

Status: Corrected

Sincerely,



Catherine Byrne, CPA
State Controller

**State of Nevada
Department of Employment, Training and Rehabilitation (DETR)
Responses to UI Trust Fund Audit Findings**

Year 2021

For the Year Ended June 30, 2021

CORRECTIVE ACTION PLAN

**Due From Federal Government
Material Weakness**

Finding 2021-001

Unemployment benefits paid by the Federal government were overdrawn.

A prior period adjustment of \$65,495,019 was recognized to reduce the amounts receivable from the Federal government in the prior year and \$52,850,558 was noted as overdrawn as of June 30, 2021.

Recommendation

We recommend DETR enhance internal controls to provide for the reconciliation of federal cash on hand balances, ACH returns, and refunds to ensure the correct amounts from the federal government are requested.

Nevada DETR's Response

Management accepts this finding and has implemented procedures to track ACH returns and refunds and ensure the correct amounts are applied to the correct federal programs.

Estimated Date of Completion: Completed

Contact Person: Josh Marhevka, Chief Financial Officer, Financial
Management

Accounts Receivable
Material Weakness

Finding 2021-002

Certain accounts receivable for overpayments and the related allowance for doubtful accounts required adjustment to report the balances in accordance with U.S. GAAP.

In addition, certain accounts receivable aging information is not available for employer assessments to allow for appropriate, detailed analysis of the allowance for doubtful accounts.

Prior to adjustment, net accounts receivable was overstated by \$130,665,612. In addition, these amounts had an estimated federal impact of \$101,295,272 which reduced the estimated amount payable to the federal government.

Recommendation

We recommend DETR enhance internal controls and generate information to provide for the appropriate analysis of outstanding accounts receivable and related allowance for doubtful accounts.

Nevada DETR's Response

Management accepts this finding and is working on a policy and procedure to determine a reasonable method for calculating an allowance for doubtful accounts. Further, Management will ensure appropriate reporting, including accounts receivable aging reports, are included for both contributions and benefit overpayments in the new Unemployment Insurance Claim payment system.

Estimated Date of Completion: 4/30/2022

Contact Person: Josh Marhevka, Chief Financial Officer, Financial Management

Revenue and Expense Accrual Adjustments
Material Weakness

Finding 2021-003

Federal revenues and benefits expenses were not accurately reported on an accrual basis.

Prior to adjustment, federal revenue and benefits expense were both overstated \$370,233,231.

Recommendation

We recommend the State of Nevada and DETR enhance internal controls to ensure closing balances are accurately reflected in the opening balances of the next fiscal year.

Nevada DETR's Response

Management accepts this finding and is working with the Controller's Office to determine the proper posting and reporting of opening balances in future fiscal years.

Estimated Date of Completion: 04/30/2022

Contact Person: Josh Marhevka, Chief Financial Officer, Financial Management



OFFICE OF THE
STATE CONTROLLER

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2021-004

Finding: The June 30, 2021 bank reconciliation for the outside bank accounts includes an unexplained variance of \$7,802,169 between the book balance and the bank balance.

The March 31, 2021 bank reconciliation for the outside bank accounts includes an unexplained variance of \$12,520,497 between the book balance and the bank balance.

The December 31, 2020 bank reconciliation for the outside bank accounts includes an unexplained variance of \$7,228,069 between the book balance and the bank balance.

The October 31, 2020 bank reconciliation for the outside bank accounts includes an unexplained variance of \$6,816,714 between the book balance and the bank balance.

In addition, there was no evidence or review and approval (segregation of duties) on any of the four bank reconciliations noted above.

Recommendation: We recommend the Controller's Office enhance internal controls to ensure the bank reconciliation variances are reviewed, 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: Signatures of the preparer and reviewer have been included on the bank reconciliations. Additional funding was approved beginning in June 2022 for the previously contracted employee to assist with bank reconciliations. Controls will be reviewed and enhanced to ensure the bank reconciliation variances are researched and resolved in a timely manner.

Date of Completion or Estimated Completion: Estimated completion December 2022

Department or Agency Responsible for Corrective Action Plan

Agency: Controller’s Office
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mwoodburn@sco.nv.gov

State Capitol

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(702) 486-3895



OFFICE OF THE
STATE CONTROLLER

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2021-005

Finding: Restricted cash balance for unspent bond proceeds were understated by \$174,195,712. In addition, the cash and investment disclosures in Note 3 required the following updates:

- Money market mutual funds totaling \$646,343,260 were duplicated in both deposits and investment balances.
- Investment maturities were originally understated by \$4,319,432,000
- Quality ratings were originally overstated by \$58,336,000
- Fair value balances were originally overstated by \$277,121,000
- Various other adjustments were required for classifications of securities, disclosures on net asset value and discretely presented component units.

Recommendation: We recommend the State of Nevada enhance internal controls to ensure appropriate classification of unspent bond proceeds and accuracy of investment disclosures.

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: None

Corrective Action Taken or to be Taken

Action: Controls have been put in place to ensure appropriate classification of unspent bond proceeds and accuracy of investment disclosures.

Date of Completion or Estimated Completion: Estimate completion July 2022

Department or Agency Responsible for Corrective Action Plan

Agency: Controller's Office
Contact: Gisele Geary, CAFR Accountant II
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Carson City, NV 89701
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OFFICE OF THE
STATE CONTROLLER

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2021-006

Finding: Prior to adjustment, cash and investment balances, as well as accounts payable, in the Housing Division Enterprise Fund were understated by \$18,086,711.

Recommendation: We recommend the State of Nevada enhance internal controls to investigate variances from its records to amounts reported in separately audited and issued financial statements.

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: None

Corrective Action Taken or to be Taken

Action: Controls have been put in place to investigate variances from its records to amounts reported in separately audited and issued financial statements.

Date of Completion or Estimated Completion: Estimate completion July 2022

Department or Agency Responsible for Corrective Action Plan

Agency: Controller's Office
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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 2021-007

Finding: The Department of Transportation did not have internal controls to ensure its stockpile inventory was appropriately quantified or valued. Stockpile amounts reported in inventory are not adequately reviewed for reasonableness and accuracy.

Recommendation: We recommend NDOT implement internal controls, which includes a review of stockpile quantities and prices, to ensure its stockpile inventory is appropriately valued.

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: The Department of Transportation (NDOT) runs inventory reports for each stockpile in the system. Every year, NDOT sends out to the maintenance crews an inventory sheet for their stockpiles at the beginning of April. The field crews are responsible for measuring their stockpiles and filling out the inventory forms with actual "on the ground" totals. When NDOT receives those completed forms, they are compared to the reports generated from the Enterprise Asset Management System (EAMS). If the counts are within a +/- 5% range, we enter into EAMS that this stockpile has been audited. If the totals are off by more than the +/- 5%, we check to see if there were any incorrect purchases, missing purchases, or incorrect usage on work orders, etc., and get those corrected. After that, NDOT reconciles the stockpiles in EAMS and records the totals to what was reported on the forms from the field crews. This is done for every stockpile that maintenance has in the State.

After the stockpiles are either audited or reconciled, an inventory spreadsheet is compiled and sent to NDOT Accounting with the year-end totals. NDOT's field inventory reports do not agree with EAMS due to incorrect reporting from the field crews on usage. As a result, there have been incorrect measurements from prior years being carried over and several other human mistakes. In addition, NDOT has multiple stockpile locations, with several of them in remote areas, which makes it challenging for NDOT staff to oversee and validate accuracy on a once-a-year basis.

The unit price is entered when a purchase is made; EAMS adds any labor or equipment that is used when actions are performed on that stockpile. (i.e., hauling, mixing.) NDOT uses the weighted average inventory cost method to bill each price per unit, which is how the unit cost in EAMS is being calculated. Under this method, the cost of goods available for sale (beginning inventory plus net purchases) is divided by the number of units available for sale to obtain a weighted average cost per unit. Ending inventory and cost of goods sold are then priced at this average cost.

Unfortunately, during the implementation of the EAMS system, the test environment and all the sample transactional activity were converted into the production environment. This is causing some slightly miscalculated unit cost (weighted-average cost) values. NDOT is currently adjusting for these trial transactions as they are found; however, this adds to some discrepancies with the unit price (weighted-average cost).

NDOT's IT team and the implementation company cannot remove the test environment transactions, so staff is left to manually find these test entries and make the necessary corrections as they are discovered.

NDOT has a year-end stockpile inventory procedure process document for staff to follow. In addition, NDOT has a stockpile conversion factor chart for staff to use when they do not have the actual weight of raw material.

Corrective Action Taken or to be Taken

Action:

NDOT staff proposes a procedural change to perform quarterly reconciliation of inventory and price checks so staff can catch discrepancies earlier and make the necessary correction promptly. In addition, NDOT is partnering with the Pavement Engineering & Science Program Civil and Environmental Engineering Board of Regents, on behalf of The University of Nevada, Reno (UNR), to provide technical assistance on the accurate measurement of NDOT's stockpile inventories records & management for maintenance activities. This will help NDOT formulate a more thorough raw inventory measurement calculation, which will be rolled out to each NDOT field location. This will bring all NDOT's locations onto one formula-based measurement calculation.

NDOT is also updating the EAMS system with one data field change and two error invoice entry checkpoint validations. NDOT staff will continue manually locating all the test entries and making the necessary corrections.

Additionally, NDOT will review and consider separating the labor cost from the inventory cost when valuing stockpile inventories.

Estimated Date of Completion: August 31, 2023

Department or Agency Responsible for Corrective Action Plan

Agency: Nevada Department of Transportation, Accounting Division
Contact: Martin Hunter, Chief Accountant
775-888-7451

Agency: Nevada Department of Transportation
Contact: Felicia Denney, Assistant Director, Administration
775-888-7440



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 2021-008

Finding:

- \$133,775,285 of infrastructure and rights-of-way were included in the current year, that were already completed and recognized in the prior year.
- \$100,604,611 of construction in progress was duplicated with amounts recorded in infrastructure and rights-of-way.
- \$10,378,856 of current year construction in progress that should have been recorded in the prior year.
- \$23,800,594 reduction of current year construction in progress as it should not have been recorded in the prior year.

Recommendation: We recommend NDOT enhance internal controls to properly roll forward and reconcile capital assets. These internal controls should include a review of ongoing and completed projects for accuracy and to avoid duplication of assets.

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: On May 31, 2022, The NDOT staff met with the State Controller's office to thoroughly discuss the Capital Assets – CIP, Infrastructure, and Right-of-way activity report. The State Controllers' office prepared a sample mock draft of the required balance activity format along with the matching supporting detail by project that is to be included in the annual report. NDOT reviewed the new requirement and has agreed to make these minor reporting adjustments.

Corrective Action Taken or to be Taken

Action Taken: The CIP balance will be rolled forward and verified on an individual project level. The final vouchered report will also be verified against the CIP balance report to confirm that final projects are being removed from the CIP balances and that all capacity and Right-of-Way expenditures are balanced. A periodic review with the engineering department will be done on projects that do not have a capacity-reported balance, so we capture any changes in the project before the final voucher.

Date of Completion or Estimated Completion: July 29, 2022

Department or Agency Responsible for Corrective Action Plan

Agency: Nevada Department of Transportation, Road Data & Research
Contact: Martin Hunter, Chief Accountant
775-888-7451

Agency: Nevada Department of Transportation, Accounting
Contact: Felicia Denney, Assistant Director, Administration
775-888-7440



555 Wright Way
Carson City, Nevada 89711
Telephone (775) 684-4368
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To: Kurt Schlicker, Eide Baily

Date: June 10, 2022

Subject: DMV Corrective Action Plan

Audit Finding 2021-009

Finding: Accounts receivable for motor carrier fuel and registration were not accurately reported on the aging report provided to the Nevada State Controller's Office, resulting in overstating receivables by \$2,934,591.

Recommendation: We recommend the DMV enhance internal controls to properly summarize and report subsequent collections of motor carrier fuel and registration fees.

Agency Response

Does the Agency Agree with Finding: Yes, DMV concurs with the finding.

Additional Comments: Research of the finding determined the Motor Carrier Division converted to a new database that records and tracks receivables. The amount overstated was related to prior debt reported to the Controller's Office for further collection efforts, resulting in the amount being reported by the State Controller's Office and overstated on DMV's Aging Receivables report. Motor Carrier has since resolved this issue and properly recorded receivables referred to the Controller Office, and future DMV Aging Receivables will not include these records.

Corrective Action Taken or to be Taken

Action: Implement Internal control measures to prevent issue from reoccurring, as follows:

- At least monthly Motor Carrier will review accounts referred to the Controller Office to ensure proper recording in system of record – Implemented June 2022
- On an annual basis Motor Carrier will randomly select 5% of accounts generated on the Receivable report to ensure they are properly reflected on Aging Receivables report – Will be implemented by July 29, 2022, with FY22 reporting

- Annually Motor Carrier will generate detailed records of aging receivables to support amounts reported to the Controller's Office – Will be implemented by July 29, 2022, with FY22 reporting
- DMV will establish a threshold % of increase or decrease comparison year over year that would require additional and independent review of detail records by DMV Fiscal staff, in collaboration with Motor Carrier – Will be implemented by July 29, 2022, with FY22 reporting

Date of Completion or Estimated Completion: Immediate and or no later than July 29, 2022
(see details above)

Department or Agency Responsible for Corrective Action Plan

Agency: Department of Motor Vehicles

Contact: Angela Smith-Lamb, Administrator
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Marian Henderson, ASO III
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Cc: Gisele Geary, Office of the Controller

Tammy Goetze, LCB



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DEPARTMENT OF BUSINESS & INDUSTRY
HOUSING DIVISION
1830 College Parkway Ste. 200
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TERRY J REYNOLDS
Director

STEVE AICHROTH
Administrator

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2021-10

Finding: Revenue related to federal grants was overstated and unearned revenue was understated by \$51,608,087 in the General Fund

Recommendation: We recommend the Housing Division enhance internal controls to ensure federal grant revenue is recognized only once all requirements are met.

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: None

Corrective Action Taken or to be Taken

Action: Controls have been put in place to ensure federal grant revenues are accurately recorded.

Date of Completion or Estimated Completion: Completed June 2022

Department or Agency Responsible for Corrective Action Plan

Agency: Housing Division
Contact: Phyllis Zink, Chief Accountant
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Carson City, NV 89706
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Fax: (775) 687-4040
TDD Number (800)326-6868
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Steve Sisolak
Governor



Richard Whitley, MS
Director

DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIVISION OF HEALTH CARE FINANCING AND POLICY

Helping people. It's who we are and what we do.



Suzanne Bierman,
JD MPH
Administrator

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2021-011

Finding: Estimates for Medicaid and Children Health Insurance Program (CHIP) incurred but not reported (or processed) claims and related amounts due from the federal government were not reasonable. The following errors were noted due to improper dates used in processing the applicable data:

- Receivables were understated \$74,604,849
- Unavailable revenues were overstated \$52,697,879
- Liabilities were understated \$107,071,335
- Revenues were understated \$43,443,361
- Expenses were understated \$11,023,361
- Beginning fund balance was overstated \$12,188,607

Recommendation: We recommend the Division of Health Care Financing and Policy enhance internal controls to develop the Medicaid and CHIP claim estimates using appropriate data and assumptions. Reports from the MMIS should be developed using significant, relevant data and through the correct time period.

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: None

Corrective Action Taken or to be Taken

Action: Controls have been put in place to ensure that the appropriate time period constraints are used to allow for MMIS reports to be properly developed with significant, relevant data, through the correct time periods.

Date of Completion or Estimated Completion: Completed June 10, 2022.

Department or Agency Responsible for Corrective Action Plan

Agency: Department of Health Care Financing and Policy

Contact: Bill Farrar, Administrative Services Officer IV
1100 E William St., Suite 108
Carson City, NV 89701
775-684-3699
bfarrar@dhcfp.nv.gov

Steve Sisolak
Governor



Richard Whitley, MS
Director

DEPARTMENT OF HEALTH AND HUMAN SERVICES

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Suzanne Bierman,
JD MPH
Administrator

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2021-012

Finding: The allowance for doubtful accounts in relation to prescription rebates was calculated using a standard policy (applied to all receivables) without regard to historical collection rates or currently known facts and circumstances specific to prescription rebates. Prior to adjustment the allowance for doubtful accounts was overstated (receivables understated) by approximately \$16,000,000.

Recommendation: We recommend the Division of Health Care Financing and Policy enhance internal controls to ensure its allowance for doubtful accounts policy is appropriate for prescription rebates.

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: None

Corrective Action Taken or to be Taken

Action: Controls have been put in place to ensure a narrower focus in analyzing the types of receivables included in the analysis for doubtful accounts including historical collection rates, currently known facts, and circumstances specific to prescription drug rebates. This will be an ongoing quarterly review starting with the quarter ending June 30, 2022.

Date of Completion or Estimated Completion: Estimated Completion July 31, 2022.

Department or Agency Responsible for Corrective Action Plan

Agency: Department of Health Care Financing and Policy

Contact: Bill Farrar, Administrative Services Officer IV

1100 E William St., Suite 108

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775-684-3699

bfarrar@dhcfnv.gov

Steve Sisolak
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Richard Whitley, MS
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Suzanne Bierman,
JD MPH
Administrator

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2021-013

Finding: Certain payments for Medicaid and Children Health Insurance Program (CHIP) claims were not recorded in the appropriate fiscal year. A prior period adjustment was required for \$252,740,971 in the General Fund for capitation claims that were recorded in fiscal year 2021 that should have been recorded in fiscal year 2020. In addition, \$11,331,575 in DSH payments were also recorded in fiscal year 2021 that should have been recorded in fiscal year 2020.

Recommendation: We recommend the Division of Health Care Financing and Policy enhance internal controls to ensure Medicaid and CHIP capitation claims and DSH payments are recorded in the proper period.

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: None

Corrective Action Taken or to be Taken

Action: Controls are currently in place to ensure that capitation claims and DSH payments are recorded in the proper period.

Date of Completion or Estimated Completion: June 10, 2022.

Department or Agency Responsible for Corrective Action Plan

Agency: Department of Health Care Financing and Policy

Contact: Bill Farrar, Administrative Services Officer IV

1100 E William St., Suite 108

Carson City, NV 89701

775-684-3699

bfarrar@dhcfp.nv.gov



OFFICE OF THE
STATE CONTROLLER

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2021-014

Finding: Prior to adjustment, the following errors were noted:

General Fund

Overstatement of Due From Other Funds by \$24,701,943
Overstatement of Due To Other Funds by \$24,701,943
Understatement of Transfers In by \$29,462,161
Overstatement of Intergovernmental Revenue by
\$29,462,161

Highway Fund

Overstatement of Due From Other Funds by \$24,701,943
Overstatement of Due To Other Funds by \$24,701,943

Consolidated Bond Interest and Redemption Fund

Understatement of Transfers In by \$419,924
Overstatement of Intergovernmental Revenue by
\$419,924

CIP University System Fund

Overstatement of Due To Component Unit by \$2,778,699
Overstatement of Interest and Investment Income by
\$536,786
Understatement of Transfers Out by \$29,882,085
Understatement of Education Expenses by \$69,559,670
Understatement of Transfers In by \$60,779,438
Understatement of Beginning Fund Balance by
\$41,977,801

CIP Bond Proceeds Fund

Overstated Education Expenses by \$60,779,438
Understated Transfers Out by \$60,779,438

Discretely Presented Component Unit

Overstatement of Due From Primary Government by
\$30,026,699
Understatement of Accounts Receivable by \$2,778,699
Understatement of Payments From State by \$131,155,801
Overstatement of Beginning Net Position by
\$158,403,801

Recommendation: We recommend the State of Nevada enhance internal controls to ensure internal balances and activity are appropriately communicated, recorded, and reported.

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: None

Corrective Action Taken or to be Taken

Action: Controls have been put in place to ensure internal balances and activity are appropriately communicated, recorded, and reported.

Date of Completion or Estimated Completion: Estimate completion July 2022

Department or Agency Responsible for Corrective Action Plan

Agency: Controller's Office
Contact: Gisele Geary, CAFR Accountant II
101 N. Carson Street, Suite 5
Carson City, NV 89701
775-684-5614
ggeary@sco.nv.gov

State Capitol
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www.controller.nv.gov

Grant Sawyer State Office Building
555 E. Washington Avenue, Suite 4300
Las Vegas, Nevada 89101-1071
(702) 486-3895
Fax (702) 486-3896



OFFICE OF THE
STATE CONTROLLER

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2021-015

Finding: Net Investment in Capital Assets was not calculated correctly due to capital asset related deferred charges on refunding being excluded from the calculation. The State of Nevada Controller's Office identified capital asset related deferred charges on refunding. However, the Controller's Office did not have adequate internal controls to ensure the amounts identified were included in the calculation of Net Investment in Capital Assets. An inappropriate calculation method could potentially lead to a material misstatement of the components and classification of net position. In the current year, the misstatement was not considered quantitatively material, and an adjustment was not made. However, the misstatement was \$17,617,914 for an understatement in Net Investment in Capital Assets and overstatement in Unrestricted Net Position.

Recommendation: We recommend the Controller's Office enhance internal controls to ensure capital asset related deferred charges on refunding are included in the calculation of Net Investment in Capital Assets

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: None

Corrective Action Taken or to be Taken

Action: Controls have been put in place to ensure capital asset related deferred charges on refunding are included in the calculation of Net Investment in Capital Assets

Date of Completion or Estimated Completion: Estimate completion July 2022

Department or Agency Responsible for Corrective Action Plan

Agency: Controller's Office
Contact: Gisele Geary, CAFR Accountant II
101 N. Carson Street, Suite 5
Carson City, NV 89701
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ggeary@sco.nv.gov



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 2021-016

Finding: A developer deposit in the amount of \$1,000,000.00 was recognized as revenue before it was earned.

Recommendation: We recommend the Department of Transportation enhance internal controls to ensure developer deposits are recognized as revenue only when they are non-refundable to the developer.

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: This finding is the result of a coding error that took place during CY2019, at the peak of the COVID-19 outbreak, while staff was trying to navigate a new remote working schedule and managing a reduced workforce.

Corrective Action Taken or to be Taken

Action: The Chief Accountant had a meeting with the Accounts Receivable staff and the accounting supervisor to go over the correct handling of prepayment. The team is aware that payments received that do not have a corresponding bill for that amount should be placed in an unearned revenue/liability account and then researched. Once researched, if the funds were received in error they are to be returned to the sender; however, if the funds are a prepayment for future services, the funds are to be placed in an unearned revenue/prepaid fund account. Once the services are performed, we are to recognize only that portion of actually billed and earned revenue, and this process will be repeated until all the prepaid income is recognized or services stop, and we have to return the remaining portion of the outstanding liability amount.

Date of Completion: June 14, 2022

Department or Agency Responsible for Corrective Action Plan

Agency: Nevada Department of Transportation, Accounting Division
Contact: Martin Hunter, Chief Accountant
775-888-7451

Agency: Nevada Department of Transportation
Contact: Felicia Denney, Assistant Director, Administration
775-888-7440



OFFICE OF THE
STATE CONTROLLER

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2021-017

Finding: Financial reporting information received from state agencies is frequently misstated or otherwise in error. The Controller's Office does not have adequate internal controls to effectively analyze, review, and reconcile this information. Materially misstated information is compiled and recorded for financial reporting. As a result, our audit procedures identified adjustments for:

- Cash and Investments
- Accounts Receivable
- Inventory
- Capital Assets
- Accounts Payable
- Unearned Revenue
- Internal Balances (Receivables, Payables, and Transfers)
- Revenue
- Expenses
- Fund Balance/Net Position

Recommendation: We recommend the Controller's Office enhance internal controls to effectively analyze, review, and reconcile information received from the various state agencies.

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: None

Corrective Action Taken or to be Taken

Action: Controls have been put in place to effectively analyze, review, and reconcile information received from the various state agencies.

Date of Completion or Estimated Completion: Estimate completion July 2022

Department or Agency Responsible for Corrective Action Plan

Agency: Controller's Office
Contact: Gisele Geary, CAFR Accountant II
101 N. Carson Street, Suite 5
Carson City, NV 89701
775-684-5614
ggeary@sco.nv.gov

State Capitol

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Director



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HEALTH AND HUMAN SERVICES**
DIVISION OF WELFARE AND SUPPORTIVE SERVICES
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Robert Thompson
Administrator

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date: July 15, 2022

U.S. Department of Agriculture

SNAP Cluster:

Supplemental Nutrition Assistance Program (SNAP), 10.551

State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, 10.561

U.S. Department of Health and Human Services

CCDF Cluster:

Child Care and Development Block Grant, 93.575

Child Care Mandatory and Matching Funds of the Child Care and Development Fund, 93.596

Low-income Home Energy Assistance, 93.568

Medicaid Cluster:

State Medicaid Fraud Control Units, 93.775

State Survey and Certification of Health Care Providers and Suppliers (Title XVIII)

Medicare, 93.777

Medical Assistance Program (Medicaid; Title XIX), 93.778

Children's Health Insurance Program (CHIP), 93.767

Allowable Costs/Cost Principles

Significant Deficiency in Internal Control over Compliance

Finding number: 2021-018

Finding: Allocation statistics used in cost allocation did not agree to the underlying support and the internal review process was not documented. Administrative costs claimed were inaccurate. The Division did not have adequate internal controls to document review of allocation statistics and ensure that the allocation statistics were accurate.

Corrective Action Taken
or To Be Taken:

The Division agrees with this finding.

The Division will develop a checklist to be completed for verifying the statistics entered into the Division's cost allocation system match the backup documentation.

If to be taken, estimated
date of completion:

Starting with quarter ending September 30, 2022

Agency Response

Does the Agency agree
With finding:

Yes X

No _____

Partially _____

If No or Partial, please
Explain reason(s) why:

Individual Responsible for Corrective Action Plan:

Name, Title: Shannon Jones, ASO II, Facilities, Audit/Allocation, Contract Team (FACT)

Phone Number: 775-684-0676

Email: sxjones@dwss.nv.gov

Reviewed and Approved

Gary Long
Gary Long, Chief of FACT

Date 7.15.22

Steve Sisolak
Governor

Richard Whitley, MS
Director



DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIVISION OF WELFARE AND SUPPORTIVE SERVICES

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Robert Thompson
Administrator

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date: July 15, 2022

U.S. Department of Agriculture

SNAP Cluster:

Supplemental Nutrition Assistance Program (SNAP), 10.551

State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, 10.561

Subrecipient Monitoring

Significant Deficiency in Internal Control over Compliance

Finding number: 2021-019

Finding: An evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed. The Division did not have adequate internal controls to ensure risk assessment was performed.

Corrective Action Taken
or To Be Taken:

The Division agrees with this finding.

The Division did provide five risk assessments for the SNAP subrecipients; however, the risk assessments were not performed within the grant period.

After discussion with the auditors on the recommended dates to conduct risk assessments, the Division will update its internal controls and policies to ensure risk assessments are completed within the grant period.

In addition, the Division's Internal Controls and Audit (ICA) team is creating a new email to ensure it receives all subawards that go through the contract approval process. This email will notify the ICA team of any new, revised, and updated subawards and allow the ICA team to review the subawards and perform a risk assessment, which will be used to determine the appropriate subrecipient monitoring needs to meet the federal requirements under 2 CFR 200.

If to be taken, estimated
date of completion:

Immediately, effective July 12, 2022

Agency Response

Does the Agency agree
With finding:

Yes No Partially

If No or Partial, please
Explain reason(s) why:

Individual Responsible for Corrective Action Plan:

Name, Title: Nicole Kennedy, MA3/Audit Liaison

Phone Number: 775-684-0785

Email: nxkennedy@dwss.nv.gov

Reviewed and Approved

Shannon Jones on behalf of Gary Long

July 14, 2022

Gary Long, Chief of FACT

Date

STEVE SISOLAK
Governor

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JENNIFER OTT
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STATE OF NEVADA
DEPARTMENT OF AGRICULTURE

405 South 21st St.
Sparks, Nevada 89431-5557
Telephone (775) 353-3601 Fax (775) 353-3661
agri.nv.gov

To: Kurt Schlicker, CPA, Eide Bailly LLP

From: Katie Jameson, Fiscal Administrator, Department of Agriculture

Date: July 12th, 2022

Re: Corrective Action Plan to audit finding 2021-020 through 2021-023 for the Child Nutrition Cluster:

Eide Bailly performed an audit of the School Breakfast Program, 10.553, National School Lunch Program, 10.555 Special Milk Program for Children, and Summer Food Service Program for Children 10.559 for 2021-020 through 2021-023 for the Child Nutrition Cluster during Fiscal Year 2022.

Finding 2021-020: Transaction records were not retained, resulting in the inability to determine compliance.

The Nevada Department of Agriculture (NDA) accepts this finding and will take corrective action.

Corrective Action:

Under new management, the NDA has already begun to take steps to properly retain records, including recently sending staff to records retention training. Implemented improvements have resulted in more consistent and timely filing of documents on-site. Additionally, the NDA has revised the budget status process to review and ensure documents have cleared our accounting system and are properly filed away. One final step to correct this finding is the NDA will review its filing procedure to find ways to ensure that records are retrievable, even if there is staff turnover.

Date of Completion:

October 31, 2022

Finding 2021-021: Transaction records were not retained, resulting in the inability to determine compliance with the State Treasury Agreement.

The NDA accepts this finding and will take corrective action.

Corrective Action:

Like the above finding, NDA has begun to take steps to retain documents so that they are retrievable and has begun training staff on record retention. Additionally, the NDA now ensures all physical documents are stored on site and are stored properly so that they are retrievable.

Date of Completion:

October 31, 2022

Finding 2021-022: Year-end physical inventory observation performed by the Nevada Department Agriculture could not be rolled forward, using receipt and distribution records, to the physical inventory observation performed during the audit.

The NDA accepts this finding and will take corrective action.

Corrective Action:

The NDA retains records of all inventory transactions, including receipts, damages, and deliveries to partner agencies. All transactions are recorded in the web-based Food Distribution Program (FDP) system and records of incoming and outgoing. The NDA believes this has been corrected, and will be corrected going forward, as both agencies worked together this year to complete inventory on 7/11/22, as the inventory did tie out to records. Secondly, the correction has been made that records and inventory tie and the recent inventory check proved the corrections that were made after the November visit to check inventory worked to ensure that records and inventory match.

Date of completion:

June 30, 2022

Finding 2021-023: Food Commodities received from the federal awarding agency were not originally Reported on the SEFA.

The NDA accepts this finding and will take corrective action.

Corrective Action:

Due to staff turn-over, the food commodities stated value was not reported to the Controller's Office as it is not a financial transaction that goes through the system, like the job numbering of federal transactions. The NDA will complete a manual SARF form that should be provided to the Controller's Office Liaison, to report the commodities value as of 6/30 each year. The NDA will complete this going forward as part of it's closing procedures and report this no later than September 1st each year.

The NDA contacted the Controller's Office ensure this is the correct way to report this and verified this process for the NDA to ensure commodities are reported. The NDA will complete three steps (indicated below) to correct this:

- Add this to closing procedures.
- Add this to the job duties of the NDA federal position.
- Use the inventory audit as a date marker to ensure once the audit is complete that the form is sent in shortly after.

Date of completion:

September 30, 2022

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

July 18, 2022

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 2021 which ended June 30, 2021.

Finding 2021-024: Procurement, Suspension, and Debarment.

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

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 July 14, 2022, this request has not been approved. The Division of Public and Behavioral Health will continue to request that the State Purchasing Division include the required federal provisions for Appendix II to Part 200 specific to Suspension/Debarment, Anti-Lobbying, Federal Water Pollution and Clean Air/Clean Water Act in all statewide contract templates.

Date of Completion:

Statewide Contracts: Pending State Purchasing Division Approval

Responsible Party: Contracts Unit: Kelli Quintero, Administrative Services Officer III

If you have any questions, please contact Kitty DeSocio, Administrative Services Officer IV at 775-684-3481 or by email at kdesocio@health.nv.gov.

Sincerely,

A handwritten signature in blue ink that reads "L Sherych".

Lisa Sherych, Administrator

**State of Nevada
Department of Employment, Training and Rehabilitation (DETR)
Responses to Single Audit Findings**

Year 2021

For the Year Ended June 30, 2021

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

CFDA 17.225

**U.S. Department of Homeland Security
Presidential Declared Disaster Assistance to Individuals & Households—Other Needs,97.050**

CORRECTIVE ACTION PLAN

Eligibility

Finding 2021-025

Payments were made to individuals who self-certified as eligible; however, supporting documentation was not requested or only requested after multiple benefit payments had already been made when there were indications to provide a reasonable suspicion of fraud. In addition, the weekly benefit amount was not calculated correctly.

Known questioned costs of \$47,134 for assistance listing 17.225 and \$5,100 for assistance listing 97.050, projected questioned costs are undeterminable.

Recommendation

We recommend the Department continue to improve and enhance information system internal controls to enhance data analytics as well as manual internal controls to better detect and prevent fraud.

Nevada DETR's Response

The overall magnitude of the Pandemic's effects as well as the problems that went with the Pandemic Unemployment Assistance (PUA) system of designing and implementing a new PUA program required administration to decide and pay claimants before all documents were collected in the beginning of the program. The first month after PUA launched there were almost 140,000 Initial Claims (IC) filed. Unemployment Insurance Program Letter (UIPL) 16-20 Change 4 stated the following:

Continued Assistance Act, for PUA, if the individual fails to submit such documentation, the state may only establish an overpayment for those weeks of unemployment ending on or after December 27, 2020 (the enactment date of the Continued Assistance Act). Vendor completed programming to message all claimants effected on 4/23/2021 stating: Individuals who have an existing PUA claim as of December 27, 2020, (the enactment date of the Continued Assistance Act) OR who file a new initial PUA claim before January 31, 2021, and who receive PUA on or after December 27, 2020, must provide documentation within 90 days of the application date or the date the individual is instructed to provide such documentation by the state agency (whichever date is later). The deadline may be

extended if the state finds that the individual has shown good cause under state UC law for failing to submit the documentation within 90 days.

Prior to this UIPL there was no requirement to provide supporting docs for eligibility. DETR also had a court mandate requiring if a claimant had been paid benefits DETR was not allowed to stop payment unless there was clear evidence of fraud. DETR focused its efforts surrounding the detection and prevention of UI fraud by implementing ID.me (1st qtr of 2021) and Pondera Fraud Caster (2nd qtr 2022). The Weekly Benefit Amount (WBA) calculation system defect was corrected by vendor.

Estimated Date of Completion: **COMPLETED**

Contact Person: *Nancy St. Clair, Deputy Administrator, DETR/ESD (775)684-3906, njstclair@detr.nv.gov*

U.S. Department of Labor
Unemployment Insurance

CFDA 17.225

CORRECTIVE ACTION PLAN

Reporting

Finding 2021-026

Amounts reported on the ETA 2112 were misreported by category (benefit type).

A nonstatistical sample of four out of 12 monthly reports was selected for testing. Pandemic Unemployment Assistance, Line 23C, was overstated by \$1,589,382. Federal Emergency Compensation, Line 23, was understated by \$1,588,107, and \$1,276 of Extended Unemployment Compensation was not reported for the period ending December 31, 2020 report.

Recommendation

We recommend the Department enhance the internal controls to ensure benefit payments are appropriately categorized by type.

Nevada DETR's Response

DETR Financial Management (FM) has identified the reason for this discrepancy. On December 24th, 2020, there was an error in the draw, wherein funds that should have been drawn from EUCA-PUA were drawn from Extended Unemployment Compensation Account (EUCA)-Pandemic Emergency Unemployment Compensation (PEUC) resulting in the above over and understatement. DETR FM has corrected the discrepancy and implemented an internal control procedure for daily verifications and checks to ensure draw discrepancies and errors are found in a timely manner.

Estimated Date of Completion: **COMPLETED**

Contact Person: Josh Marhevka, Chief Financial Officer, *DETR/ESD* (775)684-3838,
jbmarhevka@detr.nv.gov

U.S. Department of Labor
Unemployment Insurance

CFDA 17.225

CORRECTIVE ACTION PLAN

Reporting

Finding 2021-027

Reports were not submitted timely.

A nonstatistical sample of two out of four quarterly ETA UI-3 reports was selected for testing. The December 31, 2020 quarter end report was reported on February 10, 2021. A nonstatistical sample of three out of 12 monthly ETA 9055 was selected for testing. The May 31, 2021 month end report was reported on June 23, 2021.

Recommendation

We recommend the Department enhance the internal controls to ensure due dates for the ETA UI-3 and ETA 9055 are met.

Nevada DETR's Response

DETR's Financial Management division has created and adopted internal controls for submitting federal reports timely and additionally a tracking workbook to ensure that all federal reports are submitted timely.

5d Federal Reports IREPORT CALENDAR
February 2022.doc AND LOG_2022.xlsx

Estimated Date of Completion: **COMPLETED**

Contact Person: Josh Marhevka, Chief Financial Officer, *DETR/ESD* (775)684-3838,
jbmarhevka@detr.nv.gov

DETR- Financial Management

Federal Reports

Effective Date: 03/01/11
Revision Date: 03/31/17; 04/16/18; 02/15/2022
Reference: 5d

FEDERAL REPORTS

DESCRIPTION

Provide reporting to the federal agencies that award grant funds to Department of Employment, Training and Rehabilitation (DETR).

RESPONSIBILITIES

Monthly, quarterly, or annually, Financial Management (FM) prepares financial status reports for each active funding source. Reports are typically prepared by the Accountant Technician responsible for a particular grant. They may be prepared by the Management Analyst IIIs (PCN 0133) or designee for the Rehabilitation Division and the Management Analyst III (PCN 0061) or designee for the Employment Security Division, although most typically, the managers indicated above perform the first level of review. Reports may also be prepared by the Grants Project Analyst (PCN 2079), the Administrative Services Officers I (PCN 0120) and II (PCN 0045). The Deputy Chief Financial Officers (PCN 0040; 0042) coordinate their respective staff to ensure the timeliness of the reports to ensure submission to the federal agency is in compliance with the deadline.

PURPOSE

DETR receives federal grant funding from the United States Department of Labor (USDOL), the United States Department of Education, and the Social Security Administration (SSA). Also, DETR receives contract funding from the USDOL and the Equal Employment Opportunity Commission (EEOC). Reports are completed to remain in compliance with the federal agency reporting requirements and to ensure future funding.

PROCEDURE

1. Each federal grant has unique fiscal reporting requirements. FM prepares financial status reports for each active funding source. Reports are required until the point at which all funds have been expended or the period of availability has expired. The reporting requirements for each program are defined in the applicable Grant Solicitation Letter or other federal documents specific to the grant.

2. Reports are completed according to the reporting instructions provided by federal agencies for each required report. FM utilizes a comprehensive tracking spreadsheet to identify the timeframes federal reports are due. The spreadsheet is located at S:\fm\ACCOUNTING\4. FR-FEDERAL REPORTING\Federal and State Reporting. The spreadsheet also contains the FM staff designee responsible for the completion of the report.
3. The Data Warehouse of Nevada (DAWN) at: <http://dawn12.state.nv.us:7778/> is the official system of record for the Department. The data collected in DAWN is used to prepare the federal financial reports. When FM receives a federal grant, it establishes a job number with the State Controller's Office to keep track of the expenditures. The job number provides a unique accounting code used to track revenue and expenditures specific to that grant. In accordance with the Controller's Office requirements, the job number for the federal grant funding contains the Catalog of Federal Domestic Assistance (CFDA) number associated with the grant.
4. The majority of the reports require accrual information, which is accounting for costs incurred for goods and services received regardless of whether the payment has been made in the reporting period. DETR FM obtains this information by gathering all records related to the job number(s) up until the data is pulled to prepare the report. Contract encumbrances should be reviewed for inclusion where appropriate. Refer to the federal instructions to determine the correct basis of accounting for each grant.
5. Reports are reviewed and initialed by two independent staff members. The first reviewer will perform a reconciliation of total expenditures to underlying accounting records. The Chief Financial Officer (PCN 0004) or their designee will sign each report prior to electronic submission.
6. After the Chief Financial Officer's review and approval, staff designated by the Chief Financial Officer may certify reports in U.S. Department of Labor's Federal Financial Reporting (FFR) System and the U.S. Department of Education's Rehabilitation Services Administration Management Information System (RSAMIS). Said staff may include the following: Deputy Chief Financial Officers (PCNs 0040, 0042); Administrative Services Officer II (PCN 0045); Administrative Services Officer I (PCN 0120); Grants Project Analyst I (PCN 2079); Accountant II (PCN 6002); Management Analyst IIIs (PCNs 0061, 0133); Management Analyst IIs (PCNs 2078, 0044); and Account Technician IIs (PCNs 0128, 0064, 0043, 0063); and Rehabilitation Administrator (PCN 0001) and Deputy Administrator (PCN 0051) for the RSAMIS only – BA 3268.
7. In any reporting period in which no activity took place, the required reports must still be filed in a timely manner. If no activity took place or no services were

provided, report “zero” statistics and state why no activity took place for the quarter in question.

8. DETR may request in writing an extension to submit a report(s) late. Specifics to request an extension are within the grant reporting instructions.

CORRECTIVE ACTION PLAN

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

Finding 2021-028

Investigations performed by the BAM supervisor or senior investigator are not reviewed by someone other than the investigator.

A nonstatistical sample of 60 completed BAM cases out of a population of 335 was selected for testing. The investigator and reviewer were the same person for 19 of the cases tested.

Recommendation

We recommend the Department implement internal controls to ensure appropriate segregation of duties on all BAM investigations.

Nevada DETR's Response

Nevada DETR's supervisor/investigator was utilizing the incorrect sign off code on cases. Said supervisor/investigator is now utilizing the correct code of zero instead of one and has also provided training to senior investigator(s) on how to properly code the case reviews when being submitted.

Estimated Date of Completion: **COMPLETED**

Contact Person: *Nancy St. Clair, Deputy Administrator, DETR/ESD (775)684-3906,*
njstclair@detr.nv.gov

CORRECTIVE ACTION PLAN

Other

Material Weakness in Internal Control over Compliance

Finding 2021-029

Amounts were originally reported incorrectly on the Annual Schedule of Federal Awards (SEFA).

Prior to correction, the total federal expenditures on the SEFA were understated by \$1,000,255,411.

Recommendation

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

Nevada DETR's Response

Both parties (DETR and the State Controller) agree not to post reversing entries specific to the UI Trust Fund in Advantage moving forward and for DETR to check with their liaison at the Controller's Office to ensure all entries are final for the prior year before preparing the SEFA.

This is the same issue outlined in Trust Fund audit finding **2021-003**.

Estimated Date of Completion: **COMPLETED**

Contact Person: Josh Marhevka, Chief Financial Officer, *DETR/ESD (775)684-3838*,
[*jbmarhevka@detr.nv.gov*](mailto:jbmarhevka@detr.nv.gov)



**STATE OF NEVADA
GOVERNOR'S FINANCE OFFICE**

209 E. Musser Street, Suite 200 | Carson City, NV 89701-4298
Phone: (775) 684-0222 | www.budget.nv.gov | Fax: (775) 687-0260

July 14, 2022

To: To Whom It May Concern
U.S. Department of Treasury

From: Susan Brown, Director

Subject: Corrective Action Plan to Audit Finding 2021-030

As requested, below is the status of corrective action on findings related to Coronavirus Relief Fund (CRF), CFDA# 20.019 administered by the Nevada Governor's Finance Office (GFO) as reported in the state's Single Audit Report for the year ended June 30, 2020, as of June 30, 2021.

Finding #: 2021 – 030 - Material Weakness in Internal Control over Compliance and Material Noncompliance –

Condition: Some expenditures were not reported in the appropriate classification or by vendor.

Cause: GFO did not have adequate internal controls to ensure Financial Progress Reports were prepared in accordance with governing requirements.

Effect: Inaccurate information was reported to the federal awarding agency

Initial Year Finding Occurred: 2021

Response:

The Governor's Finance Office (GFO) relied on the U.S. Department of Treasury guidance, frequently asked questions and other reporting and recordkeeping documents to administer the fund. This information was revised multiple times throughout the grant period, which was extended for an additional year on December 28, 2020, two days before it was to expire in December 2020 causing difficulties in decision determination.

Corrective Action:

On November 12, 2021, a request was sent to the CARES help desk at U.S. Department of Treasury for clarification regarding state agency reimbursements for COVID related expenditures. This response verified that reporting for state agency reimbursement needed to be

completed for each vendor by contract, grant or direct payment over \$50,000. Once confirmation was received from U.S Department of Treasury, the process to determine expenditures by vendor over \$50,000 (reporting under contract, direct or grant) for each State Agency Reimbursement Project by Fiscal Year. This analysis was in process while the Single Audit was ongoing and was completed and reported in GrantSolutions for the quarter ending June 2022. Reporting during this quarter was revised to address the finding of payroll costs separated by fiscal year according to the dropdown categories of substantially dedicated, public health and safety and administrative leave. These payroll costs were eliminated from the Direct section in the reporting portal to the Aggregate of Direct Payments to Individuals section in the amount of \$304,516,094 since the payroll was for the prime recipient.

If you have any questions, please contact Brenda Berry, Executive Budget Officer, at brberry@finance.nv.gov or 775-684-0235.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tiffany Kienan" followed by a flourish.

Susan Brown
Director



STATE OF NEVADA
GOVERNOR'S FINANCE OFFICE

209 E. Musser Street, Suite 200 | Carson City, NV 89701-4298
Phone: (775) 684-0222 | www.budget.nv.gov | Fax: (775) 687-0260

July 26, 2022

To: To Whom It May Concern
U.S. Department of Treasury

From: Amy Stephenson, Director

Subject: Corrective Action Plan to Audit Finding 2021-031

As requested, below is the status of corrective action on findings related to Coronavirus Relief Fund (CRF), CFDA# 20.019 administered by the Nevada Governor's Finance Office (GFO) as reported in the state's Single Audit Report for the year ended June 30, 2020, as of June 30, 2021.

Finding #: 2021 – 031: Material Weakness in Internal Control over Compliance and Material Noncompliance

Condition: Subawards did not contain all the required information; assistance listing numbers were not communicated at the disbursement; an evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed; and monitoring procedures were not performed.

Cause: Adequate internal controls were not in place to ensure compliance with subrecipient monitoring requirements for the following agencies:

- Nevada Division of Tourism
- Nevada Division of Aging and Disability Services (ADSD)
- Nevada Division of Public and Behavioral Health (DPBH)
- Office of the Secretary of State (SOS)
- Nevada Department of Agriculture (NDA)

Tourism, ADSD, DPBH: Sub-recipients received subawards without a risk assessment being performed and the subawards were missing required information. In addition, the assistance listing was not communicated at the time of disbursement.

SOS: Sub-recipients were mis-identified as vendors; therefore, subawards did not have the required information pursuant to Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements.

NDA: Risk assessments were not performed for sub-recipients.

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

Initial Year Finding Occurred: 2021

Response:

The Governor's Finance Office (GFO) relied on state agencies to comply with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) related to management of subrecipients including risk assessments, disbursement assistance listing, sub-recipient monitoring, etc.

Corrective Action:

Tourism:

The agency indicates they will enhance their internal controls to ensure compliance with subrecipient award and monitoring requirements, update its Rural Marketing Grant Guidelines and newly initiated Destination Development Grant Guidelines to include processes and forms for determining subrecipient monitoring and risk assessment, and they will include the required information under Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards. The also indicated they would reach out to the Grants Management Office to request the checklist and guide for proper monitoring of subrecipients, which will be included in both the Marketing and Destination Grant guidelines.

ADSD:

The agency's standard subaward application includes a pre-assessment questionnaire that assesses subrecipient risk. To avoid findings in the future the agency is working to standardize a database that can house relevant information for both subrecipients and the subawards held by those subrecipients. The agency is also developing a monitoring policy that will address both subrecipient and subaward monitoring. As a part of this policy, the agency will conduct an annual assessment of each active subrecipient utilizing the Department of Health and Human Services Subrecipient Questionnaire, which is intended as an in-depth risk assessment of subrecipients. Additionally, the agency has implemented a checks and balance system to ensure accuracy of the Assistance Listing Number on the final notice of subaward before it is distributed to the subrecipient. The agency is also working to revise their internal controls associated with grants and subaward management based on organizational changes within the agency which they anticipate being completed by December 31, 2022.

DPBH:

Effective October 2021, the agency's grant policy was changed to perform the questionnaire/risk assessment on all subrecipients regardless of funding source. Additionally, the agency changed their policy to include the assistance listing number on both the sub-awards and the payment vouchers to ensure the funding source is properly identified. When amendments to the agency's subawards are made, and prior payments are journal vouchered to a different federal funding source, the agency's policy is that the applicable agency program notifies the subrecipient via email which includes a revised declining balance ledger sheet(s) for each funding source. The agency's corrective action is they will add controls/procedures to avoid similar findings in the future.

SOS:

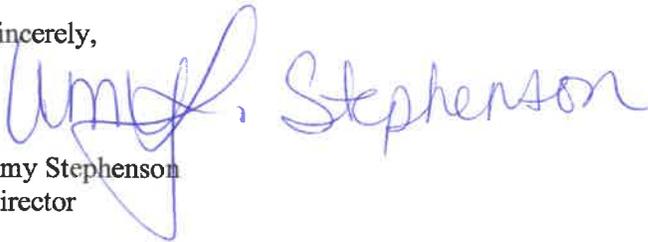
The agency corrected the relationship from vendor to sub-recipient and corrected the SEFA with the Nevada State Controller's Office. The agency corrective action plan consists of finalizing the grants manual and updating the grant internal controls which will be completed no later than December 30, 2023.

NDA:

The agency has already corrected this finding and has been performing risk assessments on all sub-recipients the department enters into a sub-award with. The agency has also implemented a compliance checklist to ensure all parts of CFR 200 are performed and documented.

If you have any questions, please contact Brenda Berry, Executive Budget Officer, at brberry@finance.nv.gov or 775-684-0235.

Sincerely,



Amy Stephenson
Director



STEVE SISOLAK
Governor

STATE OF NEVADA
DEPARTMENT OF BUSINESS & INDUSTRY
HOUSING DIVISION
1830 College Parkway Ste. 200
Carson City, Nevada 89706

TERRY J REYNOLDS
Director

STEVE AICHROTH
Administrator

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2021-032 Emergency Rental Assistance Program 21.023

Finding: Suspension and debarment verification procedures were not performed

Recommendation: We recommend the Division implement internal controls to ensure suspension and debarment verification procedures are performed for subrecipients.

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: None

Corrective Action Taken or to be Taken

Action: The Division will include provisions in our contract template to add the required federal provisions for Appendix II to Part 200 specific to Suspension/Debarment. However, any multi year contracts executed prior to the revision of the contract template will not be updated. The Division will also provide updated training to staff to ensure all amendments to existing contracts will have the required federal provision.

Date of Completion or Estimated Completion: Completed August 2022

Department or Agency Responsible for Corrective Action Plan

Agency: Housing Division
Contact: Phyllis Zink, Chief Accountant
1830 E College Parkway, Ste 200
Carson City, NV 89706
775-687-2228
pzink@housing.nv.gov

Phyllis Zink Digitally signed by Phyllis Zink
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Division, email=pzink@housing.nv.gov, c=US
Date: 2022.07.15 06:36:13 -0700

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STEVE SISOLAK
Governor

STATE OF NEVADA
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Carson City, Nevada 89706

TERRY J REYNOLDS
Director

STEVE AICHROTH
Administrator

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2021-033 Emergency Rental Assistance Program 21.023

Finding: Amounts reported on the reports were reported in wrong period

Recommendation: We recommend the Division enhance internal controls to ensure the monthly ERA1 Award Reports are accurate for the period reported

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: None

Corrective Action Taken or to be Taken

Action: The Division has made corrections to prior reports to ensure reporting is accurate for each period. Internal controls have been implemented to assure accuracy of future reports submitted to the federal awarding agency

Date of Completion or Estimated Completion: Completed May 2022

Department or Agency Responsible for Corrective Action Plan

Agency: Housing Division
Contact: Phyllis Zink, Chief Accountant
1830 E College Parkway, Ste 200
Carson City, NV 89706
775-687-2228
pzink@housing.nv.gov

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STEVE SISOLAK
Governor

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1830 College Parkway Ste. 200
Carson City, Nevada 89706

TERRY J REYNOLDS
Director

STEVE AICHROTH
Administrator

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2021-034 Emergency Rental Assistance Program 21.023

Finding: Quarterly SF-425 reports were not prepared and submitted

Recommendation: We recommend the Division implement internal controls to identify reporting requirements and ensure required reports are submitted

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: None

Corrective Action Taken or to be Taken

Action: The Division has submitted all required SF-425 reports. Internal controls have been implemented to assure future reports are submitted timely to the federal awarding agency

Date of Completion or Estimated Completion: Completed May 2022

Department or Agency Responsible for Corrective Action Plan

Agency: Housing Division
Contact: Phyllis Zink, Chief Accountant
1830 E College Parkway, Ste 200
Carson City, NV 89706
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pzink@housing.nv.gov

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STEVE SISOLAK
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TERRY J REYNOLDS
Director

STEVE AICHROTH
Administrator

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2021-035 Emergency Rental Assistance Program 21.023

Finding: Subawards did not contain all the required information, an evaluation of each subrecipient’s risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed, and monitoring procedures were not performed

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

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: None

Corrective Action Taken or to be Taken

Action: The Division has established monitoring procedures for federal and state awards to ensure that all program requirements established by HUD, the State of Nevada, and the Division are met. Monitoring is accomplished by site visits and desk reviews

Date of Completion or Estimated Completion: Completed June 2022

Department or Agency Responsible for Corrective Action Plan

Agency: Housing Division
Contact: Phyllis Zink, Chief Accountant
1830 E College Parkway, Ste 200
Carson City, NV 89706
775-687-2228
pzink@housing.nv.gov

Phyllis Zink Digitally signed by Phyllis Zink
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email=pzink@housing.nv.gov, c=US
Date: 2022.07.15 06:40:23 -0700

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Steve Sisolak
Governor

Jhone M. Ebert
Superintendent of
Public Instruction



Southern Nevada Office
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STATE OF NEVADA
DEPARTMENT OF EDUCATION
700 E. Fifth Street | Carson City, Nevada 89701-5096
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MEMORANDUM

TO: Kurt Schlicker, Partner, Eide Bailly, LLP
Tammy Goetze, Legislative Council Bureau

FROM: Heidi Haartz, Deputy Superintendent for the Student Investment Division *Heidi K Haartz*

DATE: July 20, 2022

SUBJECT: Status of Corrective Actions on State Fiscal Year 2021 (SFY21) Audit Findings

This letter is in response to the Single Audit performed by Eide Bailly LLP CPAs relating to Federal Programs administered by the State of Nevada, Department of Education (NDE) for the fiscal year ending June 30, 2021. The audit findings pertain to the grants listed below:

- Title I Grants to local Education Agencies, CFDA 84.010
- Special Education Cluster:
 - Special Education-Grants to States, CFDA 84.027
 - Special Education-Preschool Grants, CFDA 84.173
- Education Stabilization Fund, CFDA 84.425

Below are the Nevada Department of Education's responses to audit findings: 2021-036, 2021-037, 2021-038, 2021-039, 2021-040, and 2021-041.

1. Finding # 2021-036 – Title I Grants to Local Education Agencies, CFDA 84.010
Reporting - Material Weakness in Internal Control over Compliance and Material Noncompliance resulted in the following Eide Bailly, LLP recommendation:

Eide Bailly recommends the Department implement internal controls to ensure subaward information is submitted in accordance with the FFATA.

NDE Response

The Office of Division Compliance, within the Student Investment Division (SID), has been assigned responsibility for FFATA reporting and has since developed internal controls, business rules, and an agency-wide template to support regular reporting. Available documentation includes the SID Business Rule: Federal Funding Accountability and Transparency Act Reporting; an excerpt from the NDE Internal Controls Manual relevant to FFATA reporting; and a sample FFATA Reporting template used for monthly data gathering across the agency. While compliant FFATA reporting began in the Spring of SFY22, Division Compliance expects complete compliance for all FFATA reporting effective SFY23.

Corrective Action

Continued implementation of currently instituted FFATA reporting work assignments and controls.

Division Responsible for Corrective Action Plan

Student Investment Division, Office of Division Compliance.

2. **Finding # 2021-037 – Special Education Cluster: Special Education-Grants to States, CFDA 84.027, and Special Education-Preschool Grants, CFDA 84.173**
Earmarking - Significant Deficiency in Internal Control over Compliance resulted in the following Eide Bailly, LLP recommendation:

Eide Bailly recommends the Department enhance internal controls to ensure administrative expenditures do not exceed the maximum available to spend.

NDE Response

NDE has reviewed and accepts this finding.

Corrective Action

The Office of Inclusive Education has developed a tracking spreadsheet for administrative/aid dollars to ensure that funding is not spent in excess of the allowable amounts.

Division Responsible for Corrective Action Plan

Student Achievement Division, Office of Inclusive Education.

3. **Finding # 2021-038 – Education Stabilization Fund, CFDA 84.425**
Reporting - Material Weakness in Internal Control over Compliance and Material Noncompliance resulted in the following Eide Bailly, LLP recommendation:

Eide Bailly, LLP recommends the Department implement internal controls to identify required information to be reported and ensure accuracy.

NDE Response

The Office of Division Compliance, Student Investment Division (SID), identified gaps in applicable sections of the NDE Internal Controls during the SFY22 revision of the NDE Internal Controls Manual. Among the gaps identified was Federal Grant Financial Reporting. Division Compliance is currently working with the Office of District Support Services to address these gaps, document appropriate policies and procedures, and strengthen internal controls.

Corrective Action

The Office of Division Compliance will continue their collaboration with the Office of District Support Services to develop a Reporting Tracker, as well as develop and expand internal controls related to Federal Grant Financial Reporting and appropriate SID Business Rules related to specific and recurring grant reports. This process will be complete by October 15, 2022.

Division Responsible for Corrective Action Plan

Student Investment Division, Offices of District Support Services and Division Compliance.

4. **Finding # 2021-039 – Education Stabilization Fund, CFDA 84.425**
Reporting - Material Weakness in Internal Control over Compliance and Material Noncompliance resulted in the following Eide Bailly, LLP recommendation:

Eide Bailly, LLP recommends the Department implement internal controls to ensure subaward information is submitted in accordance with FFATA.

NDE Response

The Office of Division Compliance, within the Student Investment Division (SID), has been assigned responsibility for FFATA reporting and has since developed internal controls, business rules, and an agency-wide template to support regular reporting. Available documentation includes the SID Business Rule: Federal Funding Accountability and Transparency Act Reporting; an excerpt from the NDE Internal Controls Manual relevant to FFATA reporting; and a sample FFATA Reporting template used for monthly data gathering across the agency. While compliant FFATA reporting began in the Spring of SFY22, Division Compliance expects complete compliance for all FFATA reporting effective SFY23.

Corrective Action

Continued implementation of currently instituted FFATA reporting work assignments and controls.

Division Responsible for Corrective Action Plan

Student Investment Division, Office of Division Compliance.

5. Finding # 2021-040 - Education Stabilization Fund, CFDA 84.425

Subrecipient Monitoring – Material Weakness in Internal Controls over Compliance resulted in the following Eide Bailly, LLP recommendation:

Eide Bailly, LLP recommends the Department enhance internal controls to ensure policies regarding subrecipient monitoring are followed

NDE Response

The Office of Division Compliance, within the Student Investment Division (SID), began annual subrecipient monitoring for all subrecipients effective SFY22. Additionally, Division Compliance identified and revised the risk assessment and subrecipient monitoring procedures effective SFY23. Available documentation includes the SID Business Rules for the Pre-Award Assessment, the Identification of Risk-Based Factors, and the Financial Subrecipient Monitoring; the relevant excerpt from the NDE Internal Controls Manual; the NDE Financial Risk-Based Assessments Manual; the Financial Risk-Based Assessments Tool; the Pre-Award Assessment Questionnaire; and the Financial Subrecipient Monitoring Questionnaire; and the Risk Assessment Notification.

Corrective Action

Continued implementation of currently instituted financial risk-based assessments and subrecipient monitoring.

Division Responsible for Corrective Action Plan

Student Investment Division, Office of Division Compliance

6. Finding # 2021-041 – Education Stabilization Fund, CFDA 84.425

Other – Significant Deficiency in Internal Control over Compliance resulted in the following Eide Bailly, LLP recommendation:

Eide Bailly, LLP recommends the Department enhance internal controls to ensure total federal expenditures and payments to subrecipients are appropriately reported to the SEFA.

NDE Response

The Nevada Department of Education (NDE) did not appreciate the workload that would be associated with administering and reporting the funds awarded through this federal grant during the COVID-19

pandemic. Within NDE, this report is a collaboration between the Office of Department Support Services and the Office of District Support Service's Grants Management Unit. Both offices experienced high rates of staff turnover during SFY21 and SFY22. Staff vacancies have been filled and additional contract/temporary staff have been hired to assist with this work, as well as to support continuity planning via documentation of procedures to support processes, procedures, and internal controls.

Corrective Action

The Office of Division Compliance, Student Investment Division (SID), will continue to collaborate with the Office of Department Support Services and the Office of District Support Services to develop sufficient internal controls for inclusion in the NDE Internal Controls Manual and to document procedures in a corresponding SID Business Rule. This will be completed no later than October 15, 2022.

Division Responsible for Corrective Action Plan

Student Investment Division, Offices of Department Support, District Support, and Division Compliance.

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

July 18, 2022

Eide Bailly LLP, CPAs performed an annual single audit of the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC), CFDA 93.323, active during the State of Nevada's fiscal year 2021 which ended June 30, 2021.

Finding 2021-042: Procurement, Suspension, and Debarment.

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

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 July 14, 2022, this request has not been approved. The Division of Public and Behavioral Health will continue to request that the State Purchasing Division include the required federal provisions for Appendix II to Part 200 specific to Suspension/Debarment, Anti-Lobbying, Federal Water Pollution and Clean Air/Clean Water Act in all statewide contract templates.

Date of Completion:

Statewide Contracts: Pending State Purchasing Division Approval

Responsible Party: Contracts Unit: Kelli Quintero, Administrative Services Officer III

If you have any questions, please contact Kitty DeSocio, Administrative Services Officer IV at 775-684-3481 or by email at kdesocio@health.nv.gov.

Sincerely,

A handwritten signature in blue ink that reads "L Sherych".

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

July 18, 2022

Eide Bailly LLP, CPAs performed an annual single audit of the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC), CFDA 93.323, active during the State of Nevada's fiscal year 2021 which ended June 30, 2021.

Finding 2021-043: Reporting

Federal Financial Reports (SF-425). Information reported was not supported by the underlying records.

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 will ensure any revisions required for Federal Financial Reports (SF-425) are submitted timely unless prior approval has been received by the awarding federal agency.

Date of Completion:

Grant Management Unit: October 28, 2021, revised reporting numbers were provided to the federal agency.

Responsible Party: Contracts Unit: Kelli Quintero, Administrative Services Officer III

If you have any questions, please contact Kitty DeSocio, Administrative Services Officer IV at 775-684-3481 or by email at kdesocio@health.nv.gov.

Sincerely,

A handwritten signature in blue ink that reads "L Sherych".

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

July 18, 2022

Eide Bailly LLP, CPAs performed an annual single audit of the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC), CFDA 93.323, active during the State of Nevada's fiscal year 2021 which ended June 30, 2021.

Finding 2021-044: Reporting

Program Monthly Fiscal Reports. Information reported was not supported by the underlying records.

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 Epidemiology and Laboratory Capacity staff met with the Centers for Disease Control and Prevention (CDC) on this issue as we misunderstood what was being requested and have since corrected and are now reporting as mandatory through the funding requirements. Financial Data Warehouse of Nevada reports are now being saved as detailed backup for monthly financial reports being submitted into the CDC REDCap reporting system to ensure accuracy.

Date of Completion:

Program: May 2022, revised reporting numbers were provided to the federal agency.

Responsible Party: Program: Judy DuMonte, ELC Program Manager

If you have any questions, please contact Kitty DeSocio, Administrative Services Officer IV at 775-684-3481 or by email at kdesocio@health.nv.gov.

Sincerely,

A handwritten signature in blue ink that reads "L Sherych".

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

July 18, 2022

Eide Bailly LLP, CPAs performed an annual single audit of the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC), CFDA 93.323, active during the State of Nevada's fiscal year 2021 which ended June 30, 2021.

Finding 2021-045: Reporting

Performance Measure Data. Information reported was not supported by the underlying records.

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:

Enhance internal controls to include peer review to ensure data entry has been submitted accurately and data counts are verified.

Date of Completion:

Program: March 2022, revised reporting numbers were provided to the federal agency.

Responsible Party: Program: Judy DuMonte, ELC Program Manager

If you have any questions, please contact Kitty DeSocio, Administrative Services Officer IV at 775-684-3481 or by email at kdesocio@health.nv.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "L. Sherych".

Lisa Sherych, Administrator

Steve Sisolak
Governor

Richard Whitley, MS
Director



DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIVISION OF WELFARE AND SUPPORTIVE SERVICES

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Robert Thompson
Administrator

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date: July 14, 2022
Program: U.S. Department of Health and Human Services
Low-Income Home Energy Assistance, 93.568

Eligibility Significant Deficiency in Internal Control over Compliance

Finding number: 2021-046

Finding: The amount of assistance to provide was not calculated with accurate information. Assistance was provided to a recipient who was not entitled to that amount of assistance. The Division did not have adequate internal controls to ensure income reported in the information system agreed to information provided in the application.

Corrective Action Taken or To Be Taken: The Division will ensure the internal control of supervisory case reviews are completed as required under the Low-Income Home Energy Assistance Program (LIHEAP) State Plan to identify cases where information is not accurate which may cause a payment to be incorrectly calculated.

If to be taken, estimated date of completion: Supervisory case reviews will be in compliance with the LIHEAP State Plan for the July 2022 case reviews and ongoing.

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 Employment & Support Services
Phone Number: 775-684-0506
Email: mrwortman@dwss.nv.gov

Reviewed and Approved



Kelly Cantrelle, Deputy Administrator



Date

Steve Sisolak
Governor

Richard Whitley, MS
Director



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Robert Thompson
Administrator

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date: July 14, 2022

Program: **U.S. Department of Health and Human Services
Low-Income Home Energy Assistance, 93,568**

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

Finding number: 2021-047

Finding: Supervisor case reviews were not performed in accordance with the State Plan. Inaccurate eligibility or benefit determinations may be established and not detected by the Division. The Division did not have adequate internal controls to ensure beneficiary case review policies were followed.

Corrective Action Taken or To Be Taken: During the review period, there were vacancies in both supervisory positions in the Energy Assistance Program. The Division has recently filled these vacancies and supervisory reviews will be completed as required by the Low-Income Home Energy Assistance Program State Plan. The supervisory staff have created the case review template and have learned to complete these reviews.

If to be taken, estimated date of completion: Supervisory case reviews will be in compliance with the LIHEAP State Plan for the July 2022 case reviews and ongoing.

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 Employment & Support Services
Phone Number: 775-684-0506
Email: mrwortman@dwss.nv.gov

Reviewed and Approved

Kelly Cantrelle, Deputy Administrator

7/14/2022

Date

Steve Sisolak
Governor

Richard Whitley, MS
Director



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Robert Thompson
Administrator

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date: July 14, 2022

Program: **U.S. Department of Health and Human Services
Low-Income Home Energy Assistance, 93.568**

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

Finding number: 2021-048

Finding: The projected unobligated balance (carryover amount) for CARES Act funds did not agree to the underlying actual unobligated balance and there was no underlying documentation or support to support the variance. Inaccurate information may have been reported to the federal awarding agency. The Division did not have adequate internal controls to ensure the projected unobligated balance was adequately documented and supported.

Corrective Action Taken
or To Be Taken: None.

If to be taken, estimated
date of completion: This action is considered completed.

Agency Response

Does the Agency agree
With finding: Yes ___ No ___ Partially X ___

If No or Partial, please
Explain reason(s) why: The 425 Report submitted on January 3, 2021 was based on the draw downs coded towards the CARES act funding. There were two CARES act draw downs that were incorrectly coded and were not included in the 425 Report. The Carryover and Reallotment Report is based on the financial transactions and eligibility system. When incorrectly coded transactions were identified, they were corrected and reported to ACF on the subsequent reports. There is documentation regarding the number reported on the 425 Report and the Carryover and Reallotment Report. The CARES act funding has been expended and the draw downs no longer are coded between CARES funding and LIHEAP funding.

Individual Responsible for Corrective Action Plan:

Name, Title: Maria Wortman-Meshberger, Chief Employment & Support Services &
Crystal Buscay, Chief Financial Officer

Phone Number: 775-684-0506 & 775-684-0682

Email: mrwortman@dwss.nv.gov & cbuscay@dwss.nv.gov

Reviewed and Approved



Kelly Cantrelle, Deputy Administrator



Date



STEVE SISOLAK
Governor

STATE OF NEVADA
DEPARTMENT OF BUSINESS & INDUSTRY
HOUSING DIVISION
1830 College Parkway Ste. 200
Carson City, Nevada 89706

TERRY J REYNOLDS
Director

STEVE AICHROTH
Administrator

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2021-049 Low-Income Home Energy Assistance 93.568

Finding: Supporting documentation was not maintained by the Division for amounts reported and the records provided by subrecipients in the absence of the records not maintained by the Division did not support some of the household information reported.

Recommendation: We recommend the Division implement internal controls to ensure the underlying records are maintained and reconciled to the submitted report

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: None

Corrective Action Taken or to be Taken

Action: The Division has a new system tracking system-WxPro. This system allows for subgrantees to upload documents and track all required criteria. The Division has worked closely with WxPro developers to maintain and add more features to improve the tracking of weatherization projects. Additional internal controls have ensured that records are maintained and reconciled accurately.

Date of Completion or Estimated Completion: Completed January 2022

Department or Agency Responsible for Corrective Action Plan

Agency: Housing Division
Contact: Phyllis Zink, Chief Accountant
1830 E College Parkway, Ste 200
Carson City, NV 89706
775-687-2228
pzink@housing.nv.gov

Phyllis Zink

Digitally signed by Phyllis Zink
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email=pzink@housing.nv.gov, c=US
Date: 2022.07.15 06:47:23 -07'00'

(775) 687-2240 or (800) 227-4960
Fax: (775) 687-4040
TDD Number (800)326-6868
www.housing.nv.gov<http://www.nvhousing.state.nv.us/>



STEVE SISOLAK
Governor

STATE OF NEVADA
DEPARTMENT OF BUSINESS & INDUSTRY
HOUSING DIVISION
1830 College Parkway Ste. 200
Carson City, Nevada 89706

TERRY J REYNOLDS
Director

STEVE AICHROTH
Administrator

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2021-050 Low-Income Home Energy Assistance 93.568

Finding: Required subaward information was not reported in the FFATA Subaward Reporting System (FSRS)

Recommendation: We recommend the Division implement internal controls to ensure subaward information is submitted in accordance with the FFATA

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: None

Corrective Action Taken or to be Taken

Action: The Division has established procedures to ensure that all subawards are entered into the FFATA Subaward Reporting System according to the FFATA reporting requirements

Date of Completion or Estimated Completion: Estimated Completion August 2022

Department or Agency Responsible for Corrective Action Plan

Agency: Housing Division
Contact: Phyllis Zink, Chief Accountant
1830 E College Parkway, Ste 200
Carson City, NV 89706
775-687-2228
pzink@housing.nv.gov

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STEVE SISOLAK
Governor

STATE OF NEVADA
DEPARTMENT OF BUSINESS & INDUSTRY
HOUSING DIVISION
1830 College Parkway Ste. 200
Carson City, Nevada 89706

TERRY J REYNOLDS
Director

STEVE AICHROTH
Administrator

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2021-051 Low-Income Home Energy Assistance 93.568

Finding: Subawards did not contain all the required information, an evaluation of each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring was not performed, the subrecipients were not monitored to ensure audits required by Uniform Guidance were performed

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

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: None

Corrective Action Taken or to be Taken

Action: The Division has established monitoring procedures for federal and state awards to ensure that all program requirements established by HUD, the State of Nevada, and the Division are met. Monitoring is accomplished by site visits and desk reviews

Date of Completion or Estimated Completion: Completed June 2022

Department or Agency Responsible for Corrective Action Plan

Agency: Housing Division
Contact: Phyllis Zink, Chief Accountant
1830 E College Parkway, Ste 200
Carson City, NV 89706
775-687-2228
pzink@housing.nv.gov

Phyllis Zink

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c=US
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Steve Sisolak
Governor

Richard Whitley, MS
Director



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Robert Thompson
Administrator

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date: July 14, 2022

**U.S. Department of Health and Human Services
CCDF Cluster:
Child Care and Development Block Grant, 93.575
Child Care Mandatory and Matching Funds of the Child Care and Development
Fund, 93.596**

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

Finding number: 2021-052

Finding: Nevada Division of Welfare and Supportive Services (DWSS)
A risk assessment was not performed for four subrecipients.

Nevada Division of Aging and Disability Services (ADSD)
A risk assessment was not performed and the subawards were missing required Information for three subrecipients. In addition, there was no documentation available to demonstrate that two subrecipients were monitored to ensure Uniform Guidance audits were obtained, if required, or that management decisions were issued, if applicable.

Corrective Action Taken or To Be Taken: Nevada Division of Welfare and Supportive Services
The Division's Internal Controls and Audit (ICA) team is creating a new email to ensure it receives all subawards that go through the contract approval process. This email will notify the ICA team of any new, revised, and updated subawards and allow the ICA team to review the subawards and perform a risk assessment, which will be used to determine the appropriate subrecipient monitoring needs to meet the federal requirements under 2 CFR 200.

Nevada Division of Aging and Disability Services (ADSD)
DWSS met with ADSD to discuss a corrective action plan to address the subrecipient monitoring requirements. ADSD no longer receives funds from the Child Care and Development Block Grant (CCDBG); however, ADSD has restructured to have a centralized Grant Management team. As part of these efforts, ADSD is standardizing all forms, policies and procedures to ensure required information is included in the subawards, risk assessments completed during the grant period, and subrecipient monitoring completed in accordance with 2 CFR 200.

If to be taken, estimated date of completion: Nevada Division of Welfare and Supportive Services
July 18, 2022

Nevada Division of Aging and Disability Services

ADSD Grants Management team will complete all forms, policies and procedures, including internal controls, by the end of FY23.

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: Nicole Kennedy, MA3/Audit Liaison, Facilities, Audit/Allocation, Contract Team (FACT)

Phone Number: 775-684-0785

Email: nxkennedy@dwss.nv.gov

Reviewed and Approved

Shannon Jones on behalf of Gary Long

July 14, 2022

Gary Long, Chief of FACT

Date

Steve Sisolak
Governor

Richard Whitley, MS
Director



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Robert Thompson
Administrator

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date: 07/15/2022

U.S. Department of Health and Human Services

CCDF Cluster:

Child Care and Development Block Grant, 93.575

Child Care Mandatory and Matching Funds of the Child Care and Development Fund, 93.596

Special Tests and Provisions – Fraud Detection and Repayment

Significant Deficiency in Internal Control over Compliance

Finding number: 2021-053

Finding: An overpayment calculation exceeded the 60-day requirement as provided in the policy.

Corrective Action Taken
or To Be Taken:

The DWSS Investigations and Recovery Unit and the Child Care Development Program will collaborate on policy manual revisions so that each unit's policies align in verbiage, timeline, and compliance. The units will also develop a comprehensive training guide and provide it to the Child Care Resource and Referral (CCR&R) Agencies.

If to be taken, estimated
date of completion:

A joint Policy Transmittal outlining the policy manual revisions will be drafted and issued for implementation of said changes within six months from the date of this notice.

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: Jason Lewis, Chief of I&R and Cynthia Magana, Chief of Child Care

Phone Number: (775) 684-0559 (775) 684-0791

Email: lewisja@dwss.nv.gov cxmagana@dwss.nv.gov

Reviewed and Approved

07 / 15 / 2022

Karissa Loper, Agency Manager CCDP

Date

Steve Sisolak
Governor



Richard Whitley, MS
Director

DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIVISION OF CHILD AND FAMILY SERVICES
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Cindy Pitlock, DNP
Administrator

Date:	July 21, 2022
Program:	U.S. Department of Health and Human Services Foster Care – Title IV-E, CFDA 93.658
Corrective Action Plan	
Finding Number:	2021-054
Finding:	Allocation methods used in cost allocation did not agree to the approved cost allocation plan.
Corrective Action Taken or To Be Taken	Quarterly Cost Allocation procedures were updated to expand the validation process to confirm the most recent Cost Allocation Plan narrative matches AlloCAP, requires signature review confirmation and if a discrepancy is found, the Cost Allocation Plan Narrative is updated and submitted for approval. Reprocess cost allocations for the periods ending 9/30/2020, 12/31/2020, 3/31/2021 and 6/30/2021 and any resulting prior quarter adjustments will be included in the quarter ending 9/30/2022 CB-496 report.
If <u>already</u> taken, date of completion:	Quarterly Cost Allocation Procedures were updated July 19, 2022
If to be taken, estimated date of completion:	Reprocess prior period Cost Allocations by August 5, 2022
Agency Response	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	Prior year finding 2019-034 & 2020-027
Division Responsible for Corrective Action	
Name, Title	Heather Bugg, Administrative Services Officer III
Address	4126 Technology Way
City, State, Zip Code	Carson City, NV 89706
Phone Number	775-684-4462
Email	hbugg@dcfs.nv.gov
Reviewed and Approved	
Katrina Nielsen, Acting Deputy Administrator	
Date 7/21/22	Signature <i>Katrina Nielsen</i>

Steve Sisolak
Governor



Richard Whitley, MS
Director

DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIVISION OF CHILD AND FAMILY SERVICES
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Cindy Pitlock, DNP
Administrator

Date:	July 21, 2022
Program:	U.S. Department of Health and Human Services Foster Care – Title IV-E, CFDA 93.658
Corrective Action Plan	
Finding Number:	2021-055
Finding:	Required subaward information was not reported in the FFATA Subaward Reporting System (FSRS).
Corrective Action Taken or To Be Taken	The division will draft and implement a Grants Management Unit (GMU) Policy and Procedure to ensure timely filing of the FFATA subaward information into the FFATA Subaward Reporting System (FSRS). The FFATA reporting will be added to an internal GMU tracking log to document when Notice of Subawards are fully executed and the end of the month deadline when they must be entered into the FFATA Subaward Reporting System (FSRS).
If <u>already</u> taken, date of completion:	
If to be taken, estimated date of completion:	August 1, 2022
Agency Response	
Does the Agency agree with finding?	Yes
If no or partial, please explain reason(s) why:	
Additional Comments:	Prior year finding N/A
Division Responsible for Corrective Action	
Name, Title	Kelsey McCann-Navarro
Address	4126 Technology Way
City, State, Zip Code	Carson City, NV 89706
Phone Number	775-684-4431
Email	kelsey.navarro@dcfs.nv.gov
Reviewed and Approved	
Katrina Nielsen, Acting Deputy Administrator	
Date 7/21/22	Signature <i>Katrina Nielsen</i>



CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date: July 12, 2022

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

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

Finding number: 2021-056

Finding: Individuals were deemed eligible but were placed in an incorrect aid category. Individuals may receive benefits that they are not entitled to or not receive benefits for which they are entitled to. The Division did not have adequate internal controls to ensure aid categories were accurate. Prior year finding 2020-030.

Corrective Action Taken:

HOH UPI REDACTED Child UPI REDACTED Worker incorrectly enrolled child in NCU even though other insurance coverage was reported on application.
Corrective Action: Child was terminated effective 3/22 due to other insurance coverage.

HOH UPI REDACTED Child UPI REDACTED Worker failed to complete re-evaluation for a higher aid code (REHA function) to obtain correct eligibility.
Corrective Action: REHA function was completed on 9/16/20 to obtain correct eligibility.

HOH UPI REDACTED Child UPI REDACTED Worker failed to complete re-evaluation for higher aid code (REHA function) to obtain correct eligibility.
Corrective Action: REHA function was completed on 1/21/22 to obtain correct eligibility.

HOH UPI REDACTED Child UPI REDACTED Worker failed to complete re-evaluation for higher aid code (REHA function) to obtain correct eligibility.
Corrective Action: Head of Household (HOH) contacted the agency on 6/10/21 to report that child had moved out of state. Child terminated effective 7/21 due to moving out of state.

HOH UPI REDACTED Child UPI REDACTED Worker failed to complete re-evaluation for higher aid code (REHA function) to obtain correct eligibility.
Corrective Action: This child was placed in the incorrect aid category at the time of the audit; however, the agency received a 2074 on 7/26/21 from the HOH reporting a change in income and household composition. Based on the most current reported changes, a re-evaluation was completed and the child is appropriately enrolled in NCU at this time.

Future Corrective Action:

The Division of Welfare and Supportive Services (Division) will collaborate with all appropriate parties to initiate a mandatory annual REHA training (within the next 6 months), for field staff to complete to assist in the mitigation of these errors in the future.

The Eligibility and Payments (E&P) team will also work closely with the Internal Controls and Audit team within the Division to ensure internal controls are strengthened. The Division anticipates the internal controls to be updated within six months, at which time an update will be provided.

Agency Response

Does the Agency agree
With finding: Yes X No Partially

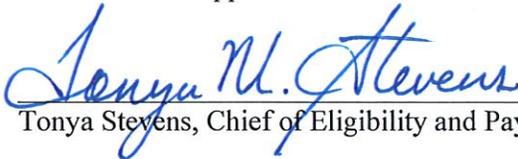
If No or Partial, please
Explain reason(s) why:

Individual Responsible for Corrective Action Plan:

Name, Title: Jessica Crouch, Social Services Program Specialist III, Eligibility and Payments
Phone Number: 775-684-0650
Email: jxcrouch@dwss.nv.gov

Individual Responsible for Corrective Action Plan:
Name, Title: Michelle Perkins, Social Services Program Specialist III, Eligibility and Payments
Phone Number: 775-684-0554
Email: mperkins@dwss.nv.gov

Reviewed and Approved



Tonya Stevens, Chief of Eligibility and Payments

7-14-2022

Date

Steve Sisolak
Governor



Richard Whitley, MS
Director

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Suzanne Bierman,
JD MPH
Administrator

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2021-057

Finding: Amounts reported on the CMS-21 were not supported by the underlying accounting information. The Division did not have adequate internal controls to ensure CMS-21 reports were accurate. Inaccurate information was reported to the federal awarding agency. A nonstatistical sample of two CMS-21 reports out of four was selected for testing. The Division was unable to provide support or reconciliations for variances identified across both reports.

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

- Lines 1A/1C: \$27
- Lines 1B/1D: \$24,285
- Line 9: \$27
- Line 11: \$1,528
- Line 25: \$27,803
- Line 33: \$120,071

The March 31, 2021, CMS-21 report had the following unreconciled variances (Total Computable Column).

- Lines 1A/1C: \$213
- Lines 2: \$3,932
- Lines 1B/1D: \$58,296
- Line 3: \$10,464
- Line 5: \$15,425
- Line 6: \$3,715
- Line 8: \$29,634
- Line 9: \$42,097
- Line 10: \$3,936
- Line 11: \$5,931
- Line 12: \$28,601
- Line 13: \$979
- Line 14: \$1,130
- Line 15: \$654
- Line 16: \$693
- Line 21: \$883
- Line 25: \$14,076
- Line 33: \$27,216

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

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: None

Corrective Action Taken or to be Taken

Action: Controls have been put in place to ensure that the accurate and appropriate support and reconciliation are retained for evaluation and audit.

Date of Completion or Estimated Completion: Completed January 3, 2022.

Department or Agency Responsible for Corrective Action Plan

Agency: Department of Health Care Financing and Policy
Contact: Marko Markovic, Administrative Services Officer II
1100 E William St., Suite 108
Carson City, NV 89701
775-684-3698
mmarkovic@dchcfp.nv.gov



Signature of Administrative Services Officer IV,
Bill Farrar

Reviewed and Approved

7-18-2022

Date

Steve Sisolak
Governor



Richard Whitley, MS
Director

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Suzanne Bierman,
JD MPH
Administrator

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2021-058

Finding: The Division of Health Care Financing and Policy (the Division) did not have adequate internal controls to ensure total federal expenditures were appropriately reported on the SEFA. Affects grant award 2105NV5021 included under assistance listing 93.767 and grant award 2105NV5MAP included under assistance listing 93.778 on the Schedule of Expenditures of Federal Awards. Prior to correction, the total federal expenditures on the SEFA were overstated by \$1,117,570 for assistance listing 93.767 and \$203,366,654 for assistance listing 93.778.

Recommendation: We recommend the Division of Health Care Financing and Policy enhance internal controls to ensure total federal expenditures are appropriately reported on the SEFA.

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: None

Corrective Action Taken or to be Taken

Action: Controls have been put in place to ensure that the appropriate time period constraints are used to allow for MMIS reports to be properly developed with significant, relevant data, through the correct time periods.

Date of Completion or Estimated Completion: Completed June 10, 2022.

Department or Agency Responsible for Corrective Action Plan

Agency: Department of Health Care Financing and Policy
Contact: Marko Markovic, Administrative Services Officer II
1100 E William St., Suite 108
Carson City, NV 89701
775-684-3698
mmarkovic@dchfp.nv.gov

Signature of Administrative Services Officer IV,
Bill Farrar

Reviewed and Approved

Date

Steve Sisolak
Governor



Richard Whitley, MS
Director

**DEPARTMENT OF
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DIVISION OF HEALTH CARE FINANCING AND POLICY
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Suzanne Bierman,
JD MPH
Administrator

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2021-059

Finding: Federal participation is available for payments to qualifying hospitals that serve a disproportionate number of low-income patients with special needs. The state plan must specifically define a disproportionate share hospital (DSH) and the method of calculating the rate for these hospitals. Section 1923 of the Social Security Act limits DSH payments on a state-wide basis to annual DSH allotments and on a hospital-specific basis to each qualifying hospital's uncompensated care costs.

The total DSH payments charged to the program did not agree to the total allotment calculated. In addition, supporting documentation was not provided to verify the accuracy of the hospital-specific calculations. The Nevada Division of Health Care Financing and Policy (the Division) did not have adequate internal controls to retain proper documentation or reconciliations with respect to DSH payments.

Recommendation: We recommend the Division enhance internal controls to retain proper documentation or reconciliations with respect to DSH payments.

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: N/A

Corrective Action Taken or to be Taken

Action: Although the Nevada Division of Health Care Financing and Policy (the Division) maintains internal controls to retain proper documentation related to DSH payments, at the time of the request staff were new to the Supplemental Reimbursement Unit (SRU) and unsure as to which Excel file was required, if it was the most current version, and if it satisfied the auditor's questions.

SRU will update their desk procedures to specify file location, retention, and naming conventions for version control of files related to DSH payments. These updates will ensure that proper documentation is supplied for future audit requests.

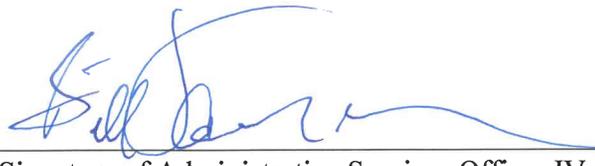
Date of Completion or Estimated Completion: September 1, 2022.

Department or Agency Responsible for Corrective Action Plan

Agency: Department of Health Care Financing and Policy

Contact: Shanna Cobb-Adams, Management Analyst IV
1100 E William St., Suite 101
Carson City, NV 89701

775-684-3621
scadams@dhefp.nv.gov



Reviewed and Approved 7-13-22

Signature of Administrative Services Officer IV,
Bill Farrar

Date



CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Date: July 14, 2022

U.S. Department of Health and Human Services

Medicaid Cluster:

State Medicaid Fraud Control Units, 93.775

State Survey and Certification of Health Care Providers and Suppliers (Title XVIII)

Medicare, 93.777

Medical Assistance Program (Medicaid; Title XIX), 93.778

Eligibility

Material Weakness in Internal Control over Compliance

Finding number: 2021-060

Finding: Individuals were deemed eligible but were placed in an incorrect aid category or did not have documentation to support the eligibility determination. Individuals may receive benefits that they are not entitled to or not receive benefits for which they are entitled to. The Division did not have internal controls to ensure aid categories were accurate and that case files were complete. Prior year finding 2020-032.

Corrective Action Taken: **HOH UPI REDACTED** Case was originally posted with the correct aid code. It was then changed to a different, but still correct aid code when the client started receiving SSI; then changed back correctly again when SSI terminated; however, the case worker believed that the original SSI aid code was a higher level of coverage, so it was changed back again, incorrectly.

Corrective Action: Case was corrected when a task was received to work an overdue redetermination during the audit period.

HOH UPI REDACTED There was no application found to validate case processing in 11/2020.

Corrective Action: The District Office was unable to find the application. No corrective action was taken, as at the time of the audit, a Redetermination (RD) had already been initiated.

Future Corrective Action:

The Division of Welfare and Supportive Services (Division) will collaborate with all appropriate parties to ensure aid code training is completed during the Division's Academy for newly hired field staff, so it is understood how aid codes affect the client. Additionally, reminder tips/training will be given to all field staff on at least an annual basis.

The Eligibility and Payments (E&P) team will also work closely with the Internal Controls and Audit team within the Division to ensure internal controls are strengthened. The Division anticipates the internal controls to be updated within six months, at which time an update will be provided.

Agency Response

Does the Agency agree
With finding: Yes X No Partially

If No or Partial, please
Explain reason(s) why:

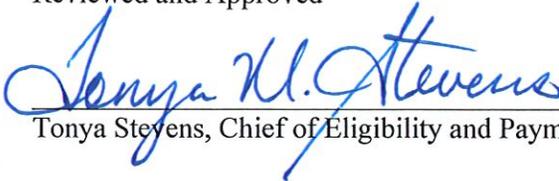
Individual Responsible for Corrective Action Plan:

Name, Title: Sheri Rasmussen, Social Services Program Specialist III, Eligibility and Payments
Phone Number: 775-684-0623
Email: slrasmussen@dwss.nv.gov

Individual Responsible for Corrective Action Plan:

Name, Title: Tonya Stevens, Social Services Chief, Eligibility and Payments
Phone Number: 775-684-0553
Email: tsstevens@dwss.nv.gov

Reviewed and Approved



Tonya Stevens, Chief of Eligibility and Payments

7-14-2022

Date

Steve Sisolak
Governor



Richard Whitley, MS
Director

DEPARTMENT OF
HEALTH AND HUMAN SERVICES
DIVISION OF HEALTH CARE FINANCING AND POLICY
Helping people. It's who we are and what we do.



Suzanne Bierman,
JD MPH
Administrator

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2021-061

Finding: Amounts reported on the CMS-64 were not supported by the underlying accounting information. The Division did not have adequate internal controls to ensure CMS-64 reports were accurate. Inaccurate information was reported to the federal awarding agency.

A nonstatistical sample of two CMS-64 reports out of a population of four was selected for testing. The Division was unable to provide support or reconciliations for variances identified across both reports.

The December 31, 2020, CMS-64 report had the following unreconciled variances (Total Computable Column):

- Lines 1A-1D: \$198,687
- Line 2A: \$198,906
- Lines 5A/C/D: \$110,474
- Lines 6A/B: \$41,055
- Line 7: \$103,173
- Lines 7A1-7A6: \$122,275,190
- Line 8: \$855,088
- Lines 9A/B: \$49,228
- Line 10: \$78,063
- Line 11: \$6,615
- Line 16: \$11,360
- Lines 17A/B/C1/D: \$8,123
- Lines 18A/A1/C: \$3,302,160
- Line 19A: \$3,412
- Line 24A: \$798
- Line 26: \$65,429
- Line 27: \$1,773
- Line 28: \$94,293
- Line 29: \$90,743
- Line 30: \$2,070
- Line 31: \$605
- Line 32: \$1,121
- Line 38: \$9,542
- Line 40: \$115,331
- Line 49: \$98,719

The March 31, 2021, CMS-64 report had the following variances (Total Computable Column):

- Lines 1A-1D: \$117,749
- Lines 5A/C/D: \$70,784
- Line 5B: \$770,518
- Lines 6A/B: \$2,239,624

- Line 7: \$47,992,139
- Line 8: \$1,275,776
- Lines 9A/B: \$116
- Line 16: \$10,835
- Lines 17A/B/C1/D: \$724
- Line 18B1: \$724,050
- Line 19A: \$50,886
- Line 24A: \$1,393
- Line 26: \$31,682
- Line 28: \$59
- Line 29: \$336,159
- Line 31: \$353
- Line 39: \$987
- Line 40: \$1,966
- Line 49: \$1,205,513

Recommendation: We recommend the Division enhance internal controls to ensure CMS-64 reports are accurate.

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: Agency staff discovered the issue and made changes to the reporting template to allow for better transparency and accuracy. The new template was implemented effective December 2021 reporting quarter (January 2022).

Corrective Action Taken or to be Taken

Action: Controls have been put in place to ensure that the appropriate accuracy and transparency in addition to supporting files retention.

Date of Completion or Estimated Completion: Completed January 3, 2022.

Department or Agency Responsible for Corrective Action Plan

Agency: Department of Health Care Financing and Policy
Contact: Marko Markovic, Administrative Services Officer II
 1100 E William St., Suite 108
 Carson City, NV 89701
 775-684-3698
mmarkovic@dncfp.nv.gov



Signature of Administrative Services Officer IV,
 Bill Farrar

Reviewed and Approved



Date

July 14, 2022

Eide Bailly LLP, CPAs performed an annual single audit of the U.S. Department of Homeland Security Disaster Grants – Public Assistance (Presidentially Declared Disasters), 97.036, active during the State of Nevada’s fiscal year 2021 which ended June 30, 2021.

Finding 2021-062: Reporting- Material Weakness in Internal Control over Compliance

Required subaward information was not reported in the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System (FSRS) timely. Nevada’s Division of Emergency Management (the Division) did not have adequate internal controls to ensure subaward information was submitted timely. Subaward obligations were not reported in the FSRS in a timely manner and therefore not included on the FFATA’s website for public information disclosure in a timely manner.

Nevada’s Division of Emergency Management Response

The Nevada Division of Emergency Management accepts this finding and will initiate corrective action as described below.

Corrective Action

The Division will enhance internal controls to ensure subaward information is submitted timely. Internal Controls will be updated to include the following reference to ensure timely entry of sub-awards into the FFATA Subaward Reporting System (FSRS) by July 30, 2022:

In accordance with 2 CFR Chapter 1, Part 170 REPORTING SUB-AWARD AND EXECUTIVE COMPENSATION INFORMATION, Prime Awardees awarded a federal grant are required to file a FFATA sub-award report by the end of the month following the month in which the prime awardee awards any sub-grant equal to or greater than \$30,000. The reporting requirements are as follows:

- This requirement is for both mandatory and discretionary grants awarded on or after October 1, 2010.
- All sub-award information must be reported by the prime awardee.
- For those new Federal grants as of October 1, 2010, if the initial award is equal to or over \$30,000, reporting of sub-award and executive compensation data is required.
- If the initial award is below \$30,000 but subsequent grant modifications result in a total award equal to or over \$30,000, the award will be subject to the reporting requirements, as of the date the award exceeds \$30,000.

- If the initial award equals or exceeds \$30,000 but funding is subsequently de-obligated such that the total award amount falls below \$30,000, the award continues to be subject to the reporting requirements of the Transparency Act and this Guidance.

The Division Internal controls are updated annually to incorporate changes to State and Federal requirements.

Date of Completion: July 13, 2022

Responsible Party: Chief Financial Officer Jared Franco, Administrative Services Officer III

If you have any questions, please contact Suz Coyote, Emergency Management Programs Manager-Grants & Recovery at 775-687-0327 or by email at scoyote@dem.nv.gov.

Sincerely,

David Wm. Fogerson, Chief

U.S. Department of Homeland Security

Presidential Declared Disaster Assistance to Individuals & Households—Other Needs,97.050

CORRECTIVE ACTION PLAN

Reporting

Material Weakness in Internal Control over Compliance and Material Noncompliance

Finding 2021-063

The amounts reported for appeals and pending claims were not supported by the underlying records. Potentially, inaccurate information may have been reported to the federal awarding agency. In addition, evidence of segregation of duties (internal control review) was not available.

A nonstatistical sample of eight out of a population of 26 weekly reports was selected for testing. Original data and reconciliations were not retained, and they were recreated for testing. The following is a summary list of unreconciled variances between reported amounts and underlying recreated documentation for seven reports:

January 10, 2021 Report

Open Appeals (Line 2a): Reported 18,465; Documentation 38,628
New Appeals (Line 2b): Reported 579; Documentation 137
Pending Claims (Line 3a): Reported 122,489; Documentation 54,205
New Pending Claims (Line 3b): Reported 352; Documentation 4

January 31, 2021 Report

Open Appeals (Line 2a): Reported 19,216; Documentation 13,174
New Appeals (Line 2b): Reported 543; Documentation 36,475
Pending Claims (Line 3a): Reported 82,006; Documentation 43,489
New Pending Claims (Line 3b): Reported 498; Documentation 0

February 28, 2021 Report

Open Appeals (Line 2a): Reported 20,095; Documentation 11,972
New Appeals (Line 2b): Reported 571; Documentation 36,811
Pending Claims (Line 3a): Reported 52,613; Documentation 22,546

April 3, 2021 Report

Open Appeals (Line 2a): Reported 65,143; Documentation 12,123
New Appeals (Line 2b): Reported 37; Documentation 65
Pending Claims (Line 3a): Reported 30,185; Documentation 24,000

April 24, 2021 Report

Open Appeals (Line 2a): Reported 62,977; Documentation 11,827
New Appeals (Line 2b): Reported 96; Documentation 83
Pending Claims (Line 3a): Reported 26,897; Documentation 17,346

May 15, 2021 Report

Open Appeals (Line 2a): Reported 61,022; Documentation 11,502
New Appeals (Line 2b): Reported 68; Documentation 59
Pending Claims (Line 3a): Reported 24,681; Documentation 19,777

June 19, 2021 Report

Open Appeals (Line 2a): Reported 57,015; Documentation 10,848
New Appeals (Line 2b): Reported 54; Documentation 36
Pending Claims (Line 3a): Reported 23,568; Documentation 14,979

Recommendation

We recommend the Department enhance internal controls to ensure the weekly reports are accurate and data is retained.

Nevada DETR's Response

As the Lost Wages Assistance (LWA) was a new program to DETR staff, the initial queries obtained by staff did not contain the valid and necessary information. After the discovery of the discrepancies in October 2021, DETR IT and UISS worked to run different queries on a weekly basis to obtain concrete and valid data. In addition to running three weekly queries, DETR provided additional training for staff to understand the queries and properly utilize the information provided by DETR IT. Current report totals now agree to their supporting documentation.

Estimated Date of Completion: **COMPLETED**

Contact Person: *Nancy St. Clair, Deputy Administrator, DETR/ESD (775)684-3906,*
njstclair@detr.nv.gov

