

Financial Statements

Clean Water State Revolving Fund & Drinking Water State Revolving Fund

(Unaudited)

FINAL

**For the Period:
July 1, 2019 to June 30, 2020**



NEVADA DIVISION OF
**ENVIRONMENTAL
PROTECTION**



Nevada Department of
**CONSERVATION &
NATURAL RESOURCES**

This financial report is designed to provide a general overview of the finances of the Nevada Clean Water State Revolving Fund and the Nevada Drinking Water State Revolving Fund. It was created to comply with disclosure and accountability requirements of the U.S. Environmental Protection Agency.

Note: These Financial Statements are assembled from the audited State of Nevada Comprehensive Annual Financial Report ending June 30, 2020. These statements are not independently audited.

Contact

Nevada Division of Environmental Protection
Office of Financial Assistance
901 South Stewart Street, Suite 4001
Carson City, NV 89701

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List of Acronyms

CAFR	Nevada Comprehensive Annual Financial Report
CFDA	Catalog of Federal Domestic Assistance (grant number)
CWA	The Federal Clean Water Act of 1987, as amended
CWSRF	Clean Water State Revolving Fund
NVDCNR	Nevada Department of Conservation and Natural Resources
DWSRF	Drinking Water State Revolving Fund
EPA	Environmental Protection Agency
GASB	Government Accounting Standards Board
NDEP	Nevada Division of Environmental Protection
NRS	Nevada Revised Statutes
OFA	The Office of Financial Assistance
PEBP	Public Employee's Benefits Program
PERS	Public Employee's Retirement System
SDWA	The Federal Safe Drinking Water Act of 1997, as amended
SFY	State of Nevada Fiscal Year (July 1 to June 30)
SRF	State Revolving Fund

Statement of Net Assets

Statement of Net Assets	Clean Water Program		Drinking Water Program	
	as of June 30		as of June 30	
	2020	2019 Restated	2020	2019 Restated
Current Assets				
Cash and pooled investments	\$ 94,991,482	\$ 47,104,450	\$ 54,738,620	\$ 49,975,101
Federal grants receivable	-	-	286,150	230,088
Loan interest receivable	2,491,837	2,650,743	1,974,235	1,887,381
Investment interest receivable	544,892	391,832	312,642	477,865
Loans receivable	21,857,918	21,428,603	12,859,293	11,679,835
Net allowance for doubtful accounts	-	-	(196,913)	(196,913)
Due from other state funds	56	-	39,927	-
Prepaid Insurance	208	175	385	286
Total current assets	119,886,393	71,575,803	70,014,340	64,053,643
Non-current assets				
Loan principal ^A	203,569,658	215,456,487	160,632,021	150,586,461
Total non-current assets	203,569,658	215,456,487	160,632,021	150,586,461
Total Assets	323,456,051	287,032,290	230,646,361	214,640,104
Deferred amounts				
Deferred amount on bond refunding	-	122,364	36,138	69,539
Deferred OPEB Outflows	4,279	2,619	7,946	4,274
Deferred pension related outflows	34,170	32,845	72,501	70,039
Total deferred amounts	38,449	157,828	116,585	143,852
Total Assets and deferred amounts	\$ 323,494,500	\$ 287,190,118	\$ 230,762,946	\$ 214,783,955
Current Liabilities				
Payroll and benefits	24,764	18,403	29,726	29,204
Administration	2,551	634	84,156	29,245
Set-aside activities	-	-	226,049	125,363
Bond interest	856,440	438,805	317,329	235,337
Due to other state funds	3,309	2,914	3,317	4,314
Loans to sub-recipients ^A	-	-	-	-
Bond principal ^A	9,164,377	8,440,675	2,929,483	2,748,637
Total current liabilities	10,051,441	8,901,431	3,590,059	3,172,100
Non-current Liabilities				
Bond principal ^A	42,795,659	16,070,616	18,076,977	15,232,120
Payroll and benefits	3,710	5,234	6,891	8,540
Pension Obligations	188,127	189,192	397,195	399,173
OPEB Obligations	86,453	83,879	141,636	136,856
Total non-current liabilities	43,073,949	16,348,922	18,622,698	15,776,689
Total Liabilities	53,125,390	25,250,353	22,212,757	18,948,788
Deferred amounts				
Deferred OPEB Inflows	4,850	5,624	9,007	9,177
Deferred pension related inflows	17,828	13,404	37,484	29,267
Total deferred amounts	22,678	19,029	46,491	38,444
Net Assets, restricted for revolving loans ^A	270,346,431	261,920,736	208,503,697	195,796,723
Total Liabilities and Net Assets	\$ 323,494,500	\$ 287,190,118	\$ 230,762,946	\$ 214,783,955

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

Data compiled from the Nevada CAFR. This report is not independently audited.

Statement of Revenues, Expenses and Changes in Net Assets

Statement of Revenues, Expenses and Changes in Net Assets	Clean Water Program		Drinking Water Program	
	For State Fiscal year ending June 30		For State Fiscal year ending June 30	
	2020	2019 Restated	2020	2019 Restated
Operating Activities				
Revenues				
Service fees	\$ 455,000		\$ -	
Federal grants for set-aside activities		-	2,818,821	2,514,565
Loan interest	5,114,147	5,437,470	4,181,020	4,089,578
Other				
Total operating revenue	5,569,147	5,437,470	6,999,841	6,604,143
Expenses				
Salaries and benefits	205,591	138,696	250,856	252,694
Administration	123,016	73,197	501,788	452,763
Principal forgiveness disbursements	992,200	622,905	2,042,829	1,553,208
Bond issuance costs	275,172	-	71,833	-
Total operating Expenses	1,595,979	834,798	2,867,307	2,258,664
Net Income (loss) from Operating Activities	3,973,168	4,602,671	4,132,534	4,345,478
Non-operating revenues (expenses)				
Federal Grants for Capitalization	3,374,386	4,137,781	9,929,771	13,729,523
Investment Income	2,093,572	1,009,395	990,338	1,199,681
Proceeds from the Sale of Assets	-	-	-	-
Interest payable on bonds	(1,015,430)	(743,495)	(279,610)	(505,792)
Transfers For State Funded/GPAD	-	-	(1)	-
Transfers For Set-Aside Activities	-	-	(2,066,058)	(1,780,040)
Escrow Refunds	-	-	-	-
Total non-operating revenues (expenses)	4,452,527	4,403,680	8,574,440	12,643,372
Change in net assets	8,425,695	9,006,352	12,706,974	16,988,851
Net assets, July 1^A	261,920,736	252,914,384	195,796,723	178,807,872
Net assets, June 30	\$ 270,346,431	\$ 261,920,736	\$ 208,503,697	\$ 195,796,723

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

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Statement of Cash Flows

Statement of Cash Flows	Clean Water Program		Drinking Water Program	
	For State Fiscal year ending June 30		For State Fiscal year ending June 30	
	2020	2019	2020	2019
<u>Cash flows from operating activities</u>				
Receipt of service fees	\$ 455,000		\$ (160)	\$ -
Receipts of principal on loans	21,496,468	21,074,364	12,417,833	11,919,799
Receipts of interest on loans	5,273,053	5,638,676	4,094,166	4,056,686
Receipts from federal government		-	2,762,739	2,626,578
Disbursements of forgiven principal	(992,200)	(622,905)	(2,042,829)	(1,553,208)
Disbursements for employees	(198,580)	(153,521)	(247,268)	(272,257)
Disbursements for operations	(120,737)	(64,069)	(450,205)	(510,812)
Disbursements for bond administration	(275,172)		(71,833)	
Disbursements to loans ^A	(10,038,955)	(4,235,962)	(23,642,850)	(19,246,905)
Net cash provided by (used for) operating activities	15,598,877	21,636,582	(7,180,407)	(2,980,119)
<u>Cash flows from noncapital financing activities</u>				
Federal grants for capitalization	3,374,386	4,137,781	9,929,771	13,729,523
Proceeds from the sale of bonds	36,313,045		5,884,634	5,125
Refunds from escrow for refunding bonds		-		
Disbursements on refunding bonds		-		
Disbursements for bond principal	(8,065,000)	(7,765,000)	(2,655,000)	(3,425,000)
Disbursements for bond interest	(1,071,264)	(1,236,825)	(571,617)	(614,750)
Disbursements for financing assistance		-	(2,005,201)	(1,896,765)
Net cash provided by (used for) noncapital financing activities	30,551,166	(4,864,044)	10,582,587	7,798,133
<u>Cash flows from capital and related financing activities</u>				
Proceeds from the sale of assets	-	-		-
Disbursements for capital assets	-	-	-	-
Net cash provided by (used for) capital and related financing activities	-	-	-	-
<u>Cash flows from investing activities</u>				
Interest, dividends and gains (losses)	1,736,989	829,985	1,361,341	1,032,069
Net cash provided by (used for) investing activities	1,736,989	829,985	1,361,341	1,032,069
Net Increase (decrease in cash)	47,887,032	17,602,523	4,763,521	5,850,083
Cash and cash equivalents, July 1	47,104,450	29,501,927	49,975,100	44,125,017
Cash and cash equivalents, June 30	\$ 94,991,482	\$ 47,104,450	\$ 54,738,621	\$ 49,975,100

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

Data compiled from the Nevada CAFR. This report is not independently audited.

Reconciliation of Operating Income (loss) to net change in cash from operations	Clean Water Program		Drinking Water Program	
	For State Fiscal year ending June 30		For State Fiscal year ending June 30	
	2020	2019	2020	2019
Net income (loss) from operations	3,973,168	4,602,671	4,132,534	4,345,478
Change in loan principal ^A	11,457,514	16,838,402	(11,225,017)	(7,327,106)
Change in loan interest	158,906	201,206	(86,854)	(32,892)
Change in receivables from federal government	-	-	(56,062)	112,013
Change in other assets ^A	(33)	(175)	(99)	(286)
Change in deferred outflows	(2,985)	2,835	(6,134)	(162)
Change in payroll and related benefits	4,838	3,174	(1,128)	4,166
Change in pension payable	(1,065)	1,528	(1,978)	(29,339)
Change in OPEB	2,574	(1,483)	4,780	(2,420)
Change in payables for administration	1,916	(1,350)	52,501	(47,582)
Change in other liabilities	395	(7,392)	(997)	(1,464)
Change in deferred inflows	3,649	(2,835)	8,047	(526)
Cash provided by operating activities	<u>15,598,877</u>	<u>21,636,582</u>	<u>(7,180,407)</u>	<u>(2,980,119)</u>

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

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Note 1: Summary of Significant Accounting Policies

Basis of Accounting

The programs compile their financial statements from the audited Nevada Comprehensive Annual Financial Report (CAFR). The CAFR presents the programs as a major enterprise fund, which follows the accrual method of accounting and economic resources measurement focus. Under this method, the program must record revenues (when earned) and expenses (when the liability is incurred).

In compiling the programs' financial statements, Nevada follows the accounting pronouncements generally accepted in the United States. The Governmental Accounting Standards Board (GASB) is recognized as the body authorized to provide such pronouncements for state and local governments. The programs have adopted GASB pronouncements, as well as statements issued by the Financial Accounting Standards Board that GASB has codified to apply to accounting for enterprise funds.

Capital Assets

Capital assets are assets with a unit cost greater than \$5,000 and an estimated useful life of greater than one year. Capital assets are depreciated over their useful life using the straight-line method. The Clean Water Program does not have any capital assets. The Drinking Water Program's sole capital asset, a Chevrolet Tahoe SUV, was fully depreciated prior to the start of the period.

Cash and Cash Equivalents

The Nevada state treasurer is an elected constitutional officer and part of the executive branch of the state government. The treasurer is responsible for handling all state cash as a fiscal agent for the fund. The treasurer manages a pool for investing all temporary surplus cash. The investment pool has the same general characteristics as demand deposit accounts, and invested funds are considered to be cash equivalents. In managing both programs, NDEP does not control the investment of excess cash. The statement of cash flows considers all funds deposited with the treasurer to be cash and cash equivalents regardless of actual maturities of the underlying investments. Deposits with the Nevada state treasurer are accounted for on the balance sheet as "cash with treasurer." Investment interest earnings on these deposits are received by the programs on a quarterly basis (See note 2 for more information on cash and cash equivalents).

Loans Receivable

Loans made to systems are funded by the federal capitalization grant, state bond funds, revolving funds that have been repaid to the programs, and program earnings. The programs' loans are evidenced by a formal loan contract between NDEP and the borrower. Public borrowers must issue a bond as security for the loan. Private borrowers require additional security in the loan funds are disbursed to borrowers after they incur costs for the purposes of the loan. Federal grant funds are distributed to the State when the disbursement is made to the borrower (See note 4 and 5 for more information on loans receivable).

Bonds Payable

The State issues state match bonds to meet its state match obligation for both the Clean Water and Drinking Water programs. The Clean Water Program has also issued leveraged bonds to accelerate the financing of certain projects beyond amounts made available by other sources. Bond premiums are amortized using the effective interest method over the life of the bonds. Refunding losses are amortized using the straight-line method over the life of the bonds. The programs follow GASB 65 requirements to expense cost of issuances at the time of sale. All bonds are backed by the full faith and credit of the State of Nevada, with the programs primarily responsible for repayment (See note 6 and 7 for more information on bonds payable).

Compensated Absences

NDEP employees who manage the programs accrue vested annual leave at a variable rate based on years of service. Employees forfeit accumulated annual leave in excess of 240 hours at the end of a calendar year. The 31st special session of the Nevada Legislature temporarily increased accumulated annual leave to 320 hours for the state fiscal years 2020-2021. Any employee who leaves state service is paid for all unused and un-forfeited annual leave at the employee's rate of pay at the time of separation.

Sick leave includes any approved period of paid absence granted an employee due to illness, injury, or disability. Employees accrue sick leave at the same rate of annual leave. If employees have vested more than 10 years of service with the State, they are entitled to payment for unused sick leave in excess of 30 days, which is capped based on years of service.

Operating activities defined

The programs distinguish *program* revenues and expenses from *non-program* items. Program revenues and expenses generally result from providing services in connection with financing and administering monies for the programs. The principal program revenues are program loan interest, EPA grants set-aside for administration, and service fees. Program expenses are administrative, amortization, program loan costs, and forgivable principal expenses. All revenues and expenses not meeting this definition are reported as non-program revenues and expenses.

The Nevada CAFR defines certain activities differently than the program. The below chart summarizes these differences:

Activity	Nevada CAFR	Program Statements
EPA Capitalization Grants	Operating Activities	Non-Operating Activities
EPA Set-Aside Grants Funds	Operating Activities	Operating Activities
Bond Interest Paid	Operating Activities	Non-Operating Activities
Other Income Received	Operating Activities	Non-Operating Activities
Loan Repayments (Principal and Interest)	Investing Activities	Operating Activities

Note 2: Cash and Cash Equivalents

All monies of the programs are deposited with the Nevada state treasurer and are considered cash and cash equivalents. The treasurer is responsible for maintaining and investing the pooled cash balances in accordance with Nevada Revised Statute (NRS) 355.140. The treasurer is required to maintain a mix of investments in order to allow funds to be withdrawn at any time to meet normal operating needs. Un-invested cash balances for operating needs remain in the State's main checking account and are either insured or collateralized to 102% in conformity with NRS 356.360. The programs' share of the investment income is based on the average daily balance for the period and is credited quarterly to the programs. The programs' historical earnings are listed below. Details about risk and investment allocations can be found in the Nevada CAFR:

Clean Water Earnings History	Earnings	Yield (Annualized)
FY 2020	\$ 1,445,155.99	1.854%
FY 2019	\$ 935,588.43	2.214%
FY 2018	\$ 570,287.89	1.358%
FY 2017	\$ 520,477.62	0.809%
FY 2016	329,381.47	0.488%
5 Year Total Investments	\$ 3,800,891.40	1.292%
Drinking Water Earnings History	Earnings	Yield (Annualized)
FY 2020	\$ 1,026,703.19	1.910%
FY 2019	\$ 2,072,646.64	2.207%
FY 2018	\$ 1,151,580.90	1.431%
FY 2017	\$ 698,185.60	0.801%
FY 2016	\$ 470,275.94	0.498%
5 Year Total Investments	\$ 1,083,878.45	1.322%

All cash and investments are stated at fair market value. The State Controller's Office allocates fair value change across all holdings within the general portfolio. The clean water share for SFY 2020 was \$281,291. The drinking water share for SFY 2020 was \$298,675.

Note 3: Contributed Capital

Clean Water Program

The Clean Water Program is capitalized by EPA grants authorized by the Clean Water Act and state-issued general obligation bonds. Grant funds drawn and authorized for administration functions are recorded as operating revenue (See note 8). All EPA funds drawn for loans are recorded as non-operating revenues. As of June 30, 2020, the EPA has awarded the following in grants for capitalization since the program's inception:

Open Grants Available	Grant Amount	Draws within State FY19	Cumulative Draws thru State FY19	Draws within State FY20	Cumulative Draws thru State FY20	Available funds at the end of State FY20
Previous	\$ 195,381,531		\$ 195,381,531	-	\$ 195,381,530	
2017 Grant	6,474,000	\$ -	6,474,000	\$ -	6,474,000	
2018 Grant	7,859,000	4,137,781	4,137,781	3,374,386	7,512,167	\$ 346,833.78
2019 Grant	7,779,000	-	-	-	-	\$ 7,779,000.00
Total	\$ 217,493,531	\$ 4,137,781	\$ 205,993,312	\$ 3,374,386	\$ 209,367,697	\$ 8,125,833.78
Remaining Federal Funds Available for Loans						3.74%

State general obligation bonds are issued to provide a required 20% grant match. As of June 30, 2020, \$202,930,300 of grant funds were subject to this 20% match requirement, necessitating issuance of at least \$40,586,060 in bonds. As of June 30, 2020, Nevada has issued and spent \$43,017,371.28 of bond proceeds to meet this requirement. This match requirement is detailed in the SFY 2020 State Revolving Fund Annual Report.

An application for the 2020 Clean Water Grant totaling \$7,780,000 was pending on June 30, 2020 and therefore excluded from the above values. The grant was awarded on September 15, 2020 (SFY 2021).

Drinking Water Program

The Drinking Water Program is capitalized by EPA grants authorized by the SDWA and state-issued general obligation bonds. Grant funds drawn and authorized for administration and other set-aside functions are recorded as operating revenue (See note 9). All EPA funds drawn for loans are recorded as non-operating revenues. As of June 30, 2020, the EPA has awarded the following in grants for loans since the program's inception:

Open Grants Available	Grant Amount	Draws within State FY19	Cumulative Draws thru State FY19	Draws within State FY20	Cumulative Draws thru State FY20	Available Funds at the end of State FY20
Previous	\$165,379,089	\$267,700	\$165,379,089	\$0	\$165,379,089	\$0
2017 Grant	\$9,286,272	\$4,135,194	\$9,286,272	\$0	\$9,286,272	\$0
2018 Grant	\$10,559,246	\$9,326,629	\$9,326,629	\$982,617	\$10,309,246	\$250,000
2019 Grant	\$9,846,880	\$0	\$0	\$8,947,154	\$8,947,154	\$899,726
Total	\$195,071,487	\$13,729,523	\$183,991,990	\$9,929,771	\$193,921,761	\$1,149,726
Remaining Federal Funds Available for Loans						0.59%

State general obligation bonds are issued to provide a required 20% total grant match. As of June 30, 2020, \$222,856,500 of grant funds were subject to this 20% match requirement, necessitating issuance of at least \$44,571,300 in bonds. As of June 30, 2020, Nevada has issued and spent \$52,355,358.43 of bond proceeds to meet this requirement. This match requirement is detailed in the SFY 2020 Nevada State Revolving Fund Annual Report.

An application for the 2020 Drinking Water Grant totaling \$12,764,000 was pending on June 30, 2020 and therefore excluded from the above values. The grant was awarded on September 17,

2020 (SFY 2021).

Note 4: Clean Water Loans Receivable

Loans Receivable	Principal Due	Interest Due
FY 2021	\$21,857,918	\$4,968,293
FY 2022	21,460,208	4,555,290
FY 2023	20,787,527	4,112,323
FY 2024	20,952,743	3,673,473
FY 2025	16,553,918	3,246,216
FY 2026 to FY 2030	70,590,941	10,928,039
FY 2031 to FY 2035	44,006,889	3,486,603
FY 2036 to FY 2040	9,136,972	252,110
FY 2041 to FY 2045	38,538	5,356
FY 2046 to FY 2050	41,921	1,973
Total	\$225,427,575	\$35,229,676

The Clean Water Program makes loans to qualified public entities for projects that meet the eligibility requirements of the Clean Water Act. Loans are financed by capitalization grants, state match, interest earnings on re-loan funds, re-loan funds, and leveraged bond funds. Recipients repay these loans using revenues from clean water services provided to residents, special tax assessments, and local bonds. In accordance with NRS 445A.290 and pursuant to the Office of the State Treasurer's policy, loan contracts require communities to issue local bonds to

secure the loan amount which the State has pledged as collateral for bonds payable. In lieu of general obligation bonds, the applicant may, with the permission of the state treasurer, exchange a revenue security instrument. This provides for a reserve fund which may be funded from bond or loan proceeds or other available monies in the minimum amount equal to 1.2 times annual debt service of the loan and must be deposited with the state treasurer in the Local Government Investment Pool, a fiduciary fund reported in the Nevada Comprehensive Annual Financial Report.

Loans to public systems through the Clean Water Program range from \$43,005 to \$49,997,958 with maturities over a 30-year period. Semi-annual principal and interest payments are due January 1 and July 1, beginning at the earlier of six months after the project is completed or three years after the first loan draw. Effective interest rates on loans vary from 0% to 4.00% based on one of two indices:

- The 20-year Bond Buyer Municipal Index for water systems that use a general obligation bond to secure the loan
- The 25-year Revenue Bond Buyer Municipal Index for all others

In determining the interest rate that is offered to a clean water loan recipient, NDEP staff multiplies the rate of interest (as published by the Bond Buyer Municipal Index) by a set percentage, which is currently 62.5%. If subsidization is available, qualified borrowers may be eligible to receive subsidization in the form of principal forgiveness, zero interest, or negative interest loans. Current subsidization amounts and qualifications are outlined in the program's current Intended Use Plan.

The Clean Water Program authorizes existing loans to be internally refinanced or restructured if certain conditions are met. To do this, entities must demonstrate the need for the refinancing by showing it would add fiscal sustainability, allow further financing for capital projects, or allow for asset replacement reserves. Loan recipients can only refinance one time. The program evaluates refinancing requests on a first come, first served basis to carefully measure the impact that each refinancing would have on the overall sustainability of the Clean Water Program. Approval of a restructuring is purely at the discretion of the program. Should a loan be approved for restructuring, a special interest rate is available if the average useful life of the outstanding loan is less than 10 years. This special interest rate is the Municipal Market Data municipal yield curve for AAA bonds plus 25 basis points.

All clean water loan recipients are current and in good standing, and the program recorded no allowance for loan loss.

Count	Type	Principal Repaid	Principal Outstanding	Principal Forgiven	Remaining Obligations
Traditional Loans					
20	In repayment and good standing	\$89,529,279	\$208,842,687		
45	Fully repaid	\$191,142,446			
1	Open and in repayment	\$151,890	\$4,768,686		\$629,424
4	Open, not in repayment		\$7,259,731		\$93,740,267
18	Principal forgiven			\$10,201,568	\$1,175,500
88	Traditional Loans	\$280,823,615	\$220,871,104	\$10,201,568	\$95,545,191
ARRA Loans					
3	In repayment and good standing	\$4,275,287	\$4,556,471		
0	Fully repaid				
10	Principal forgiven			10,390,796	
13	ARRA Loans	\$4,275,287	\$4,556,471	\$10,390,796	\$0
101	Total Loans	\$285,098,902	\$225,427,575	\$20,592,364	\$95,545,191

Note 5: Drinking Water Loans Receivable

Loans Receivable	Principal Due	Interest Due
FY 2021	\$12,859,293	\$4,038,860
FY 2022	\$13,520,420	\$3,829,161
FY 2023	\$13,588,996	\$3,482,776
FY 2024	\$13,075,638	\$3,137,683
FY 2025	\$13,187,491	\$2,810,051
FY 2026 to FY 2030	\$54,570,735	\$9,825,636
FY 2031 to FY 2035	\$38,868,065	\$3,968,622
FY 2036 to FY 2040	\$13,351,855	\$656,286
FY 2041 to FY 2043	\$468,822	\$14,801
Total	\$173,491,315	\$31,763,876

The Drinking Water Program makes loans to qualified public and private water systems for projects that meet the eligibility requirements of the SDWA. Loans for the program are financed by federal capitalization grants, state match, interest earnings on re-loan funds, and re-loan funds. Recipients repay loans using revenues from drinking water services provided to residents, special tax assessments, and local bonds. In accordance with NRS 445A.290 and pursuant to

the Office of the State treasurer's policy, loan contracts for public systems require communities to issue local bonds to secure the loan amount which the State has pledged as collateral for bonds payable. In lieu of general obligation bonds, the applicant may, with the permission of the state treasurer, exchange a revenue security instrument, providing for a reserve fund which may be funded from bond or loan proceeds or other available monies in the minimum amount equal to 1.2 times annual debt service of the loan and must be deposited with the state treasurer in the Local Government Investment Pool, a fiduciary fund reported in the Nevada Comprehensive Annual Financial Report (CAFR). Loan contracts for privately held systems may require additional security. For example, a certificate of deposit at least equal to the annual debt service can be placed in an insured financial institution with the program named as beneficiary.

Drinking water loans to both public and privately held recipients range from \$20,000 to \$23,700,000, with maturities over a 20-year period. Semi-annual interest payments are due January 1 and July 1, beginning after the first loan draw. Semi-annual principal payments are due January 1 and July 1, beginning after the completion of the project, the final request for funds, or three years after the date of the contract, whichever is earlier. Effective interest rates on loans vary from 0% to 4.03% based on one of two indices:

1. The 20-year Bond Buyer Municipal Index for water systems that use a general obligation bond to secure the loan
2. The 25-year Revenue Bond Buyer Municipal index for revenue bonds

In determining the interest rate that is offered to a drinking water loan recipient, the rate of interest as published by the Bond Buyer Municipal Index is multiplied by a set percentage, which is currently 62.5%. Also, the program may offer principal forgiveness loans with required grant subsidy money received to those water systems that qualify. Qualification for principal forgiveness is outlined in the program's current Intended Use Plan.

The Drinking Water Program authorizes existing loans to be internally refinanced or restructured if certain conditions are met. For example, the entity must demonstrate the need for the refinancing by showing it would add fiscal sustainability, allow further financing for capital projects, or allow for asset replacement reserves. Loan recipients can only refinance one time. NDEP staff evaluates the requests on a first come, first served basis to measure the impact the refinancing would have on the overall sustainability of the Drinking Water Program. Approving a request for restructuring is purely at the discretion of the program. Should the program approve a loan for restructuring, the recipient may receive a special interest rate if the average useful life of the outstanding loan is less than 10 years. This special interest rate is the Municipal Market Data municipal yield curve for AAA bonds plus 25 basis points.

As of June 30, 2020, one drinking water loan recipient remained in default for outstanding principal, totaling \$196,913. Efforts to collect the balance are currently underway, but it is uncertain at this time whether any of the principal balance will be recovered. The program has established an allowance for this loan. The State Controller's Office will not deduct this balance from the program's loans receivable account until it is certain the loan will not be recovered, and the collection process has been exhausted. This will create a difference between the program's Financial Statement in SFY 2020 and the audited CAFR for SFY 2020.

Count	Type	Principal Repaid	Principal Outstanding	Principal Forgiven	Remaining Obligations
Loans to publicly owned systems					
43	In repayment and good standing	\$72,468,748	\$138,068,838		
5	Fully repaid	23,790,580			
1	Open and in repayment	240,212	14,237,765		522,023
2	Open, not in repayment		14,772,465		20,487,535
34	Principal Forgiven			15,703,570	2,501,664
85	Public Loans	\$96,499,540	\$167,079,068	\$15,703,570	\$23,511,222
Loans to privately owned systems					
7	In repayment and good standing	1,123,790	1,215,669		
5	Fully repaid	1,261,147			
1	In default (allowance established)	3,087	196,913		
0	Open and in repayment				
1	Open, not in repayment		437,738.00		
12	Principal Forgiven			2,797,572	640,618
26	Private Loans	\$2,388,024	\$1,850,320	\$2,797,572	\$640,618
ARRA Loans					
3	Public loans in repayment	3,892,644	4,122,933		
0	Public loans fully repaid				
8	Public principal forgiven			6,136,489	
2	Private loans in repayment	416,828	438,994		
0	Private loans fully repaid				
3	Private principal forgiven			4,031,163	
16	ARRA Loans	\$4,309,472	\$4,561,927	\$10,167,652	\$0
127	Loans	\$103,197,036	\$173,491,315	\$28,668,794	\$24,151,840
1	Less Allowance for Doubtful Accounts		(\$196,913)		
126	Total Loans	\$103,197,036	\$173,294,402	\$28,668,794	\$24,151,840

Note 6: Clean Water Bonds Payable

The State of Nevada issues bonds for the Clean Water Program to provide resources for the required match on federal grants. Clean water leverage bonds issued by the State of Nevada provide resources for clean water loan recipients that are beyond available cash in the program. All bonds are general obligation (GO) bonds backed by the full faith and credit of the State.

Bond Type	Issue	Maturity August 1,	Interest	Outstanding Par: June 30, 2019	Changes	Outstanding Par: June 30, 2020	Currently Due
GO Grant Match	2010G	2020	3.00%	1,060,000	(520,000)	540,000	540,000
GO Grant Match	2017F	2022	5.00%	2,820,000	(940,000)	1,880,000	940,000
GO Grant Match	2019D	2027	2.00% to 5.00%	-	5,375,000	5,375,000	-
GO Program Leverage	2011C	2020	2.00% to 5.00%	9,820,000	(5,605,000)	4,215,000	4,215,000
GO Program Leverage	2013B	2023	2.00% to 4.00%	10,145,000	(1,000,000)	9,145,000	2,500,000
GO Program Leverage	2019E	2034	3.00% to 5.00%	-	25,445,000	25,445,000	-
Total				23,845,000	22,755,000	46,600,000	8,195,000

Debt service for GO grant match bonds is paid for with returned loan interest and investment interest earnings. Debt service for GO program leverage bonds is paid from returned loan principal, returned loan interest, and investment interest earnings. Principal is due annually on August 1. Interest is due semi-annually on August 1 and February 1. The State has the right to redeem any principal outstanding early, with no call premiums.

GO Grant Match Bonds	Principal	Interest	Total Payments	Amortized Premium	Deferred Amounts on Bond Refunding	Revolving Debt Service Coverage Ratio
FY 2021	1,480,000	255,950	1,735,950	147,423	-	19.62
FY 2022	48,000	209,650	257,650	129,283	-	57.40
FY 2023	685,000	190,800	875,800	124,263	-	52.87
FY 2024	895,000	161,575	1,056,575	94,171	-	24.87
FY 2025	900,000	116,700	1,016,700	61,590	-	30.52
FY 2026 to FY 2028	2,415,000	156,350	2,571,350	81,037	-	32.82 to 48.00
Total GO Match Bonds	6,423,000	1,091,025	7,514,025	637,767	-	
GO Program Leverage Bonds	Principal	Interest	Total Payments	Amortized Premium	Deferred Amounts on Bond Refunding	Revolving Debt Service Coverage Ratio
FY 2021	6,715,000	1,576,625	8,291,625	787,349	-	5.34
FY 2022	4,115,000	1,334,575	5,449,575	684,614	-	8.29
FY 2023	4,285,000	1,157,800	5,442,800	585,850	-	9.40
FY 2024	885,000	1,045,575	1,930,575	555,315	-	14.93
FY 2025	1,700,000	980,950	2,680,950	503,214	-	10.15
FY 2026 to FY 2030	11,000,000	3,288,750	14,288,750	1,427,286	-	9.34 to 11.02
FY 2031 to FY 2035	10,105,000	812,175	10,917,175	139,263	-	11.39 to 13.89
Total GO Program Leverage Bonds	38,805,000	10,196,450	49,001,450	4,682,891	-	

There was no change to credit ratings in SFY 2020.

Standard and Poors	Moody's Investors	Fitch Ratings
AAA	Aa2	AA+
Outlook Stable	Outlook Stable	Outlook Stable
Report on October 3, 2017	Report on October 3, 2017	Report on October 4, 2017

Note 7: Drinking Water Bonds Payable

The State of Nevada issues drinking water bonds to provide resources for the required match on federal grants. All bonds are general obligation (GO) bonds backed by the full faith and credit of the State.

Bond Type	Issue	Maturity August 1,	Interest	Outstanding Par: June 30, 2019	Changes	Outstanding Par: June 30, 2020	Currently Due
GO Grant Match	2010I	2025	3.00% to 5.00%	2,985,000	(375,000)	2,610,000	390,000
GO Grant Match	2014D	2020	1.75% to 3.00%	1,160,000	(885,000)	275,000	275,000
GO Grant Match	2015H	2031	2.00% to 3.00%	7,525,000	(1,085,000)	6,440,000	645,000
GO Grant Match	2017E	2038	3.00% to 5.00%	5,905,000	(310,000)	5,595,000	310,000
GO Grant Match	2019C	2024	5.00%	-	5,360,000	5,360,000	1,070,000
Total				17,575,000	2,705,000	20,280,000	2,690,000

Debt service for GO grant match bonds is paid for with returned loan interest and investment interest earnings. The Drinking Water Program has not issued GO leverage bonds as of June 30, 2020, but it retains the authority to do so should the program need more funds to respond to increased demand. Principal is due annually on August 1. Interest is due semi-annually on August 1 and February 1. The State has the right to redeem any principal outstanding early, with no call premiums.

GO Grant Match Bonds	Principal	Interest	Total Payments	Amortized Premium	Deferred Amounts on Bond Refunding	Revolving Debt Service Coverage Ratio
FY 2021	2,690,000	715,688	3,405,688	236,589	6,025	4.61
FY 2022	2,430,000	614,538	3,044,538	186,169	6,025	5.89
FY 2023	2,445,000	513,938	2,958,938	137,601	6,025	6.95
FY 2024	2,460,000	412,600	2,872,600	87,003	6,025	8.12
FY 2025	2,480,000	308,825	2,788,825	37,308	6,027	9.42
FY 2026 to FY 2030	4,505,000	807,163	5,312,163	38,288		16.28 to 32.04
FY 2031 to FY 2035	2,325,000	281,175	2,606,175	(7,117)		32.37 to 80.11
FY 2036 to FY 2038	945,000	42,525	987,525	(1,802)		82.88 to 91.46
	20,280,000	3,696,452	23,976,452	714,039	30,127	

There was no change to credit ratings in SFY 2019.

Standard and Poors	Moody's Investors	Fitch Ratings
AAA	Aa2	AA+
Outlook Stable	Outlook Stable	Outlook Stable
Report on October 3, 2017	Report on October 3, 2017	Report on October 4, 2017

Note 8: Clean Water Administrative Expenses

The program is authorized to utilize up to \$8,886,776 of capitalization grants — or 4% of the cumulative grant amount — for administrative purposes. As of June 30, 2020, Nevada has only requested and received \$4,675,870 (or 2.1%) to provide more money to grant applicants. As of SFY 2018, Nevada began using the service fees to cover administrative expenses. By the end of SFY 2020, Nevada has received \$1,753,400 in service and used \$770,445.77 for

administrative expenses. The amount of grant funds for administration, as well as the current outstanding balance, is as follows:

Open Grants Available	Grant Amount	Draws within State FY19	Cumulative Draws thru State FY19	Draws within State FY20	Cumulative Draws Thru State FY20	Available funds at the end of State SFY20
Previous	4,675,870	-	4,675,870	-	4,675,870	-
2017 Grant	-	-	-	-	-	-
2018 Grant	-	-	-	-	-	-
2019 Grant	-	-	-	-	-	-
Total	4,675,870	-	4,675,870	-	4,675,870	-
Remaining Federal Funds Available for Administration						0.00%

An application for the 2020 Clean Water Grant totaling \$7,780,000 was pending on June 30, 2020 and therefore excluded from the above values. The grant was awarded on September 15, 2020 (SFY 2021). Administration funds was not requested with this grant.

Note 9: Drinking Water Administrative and Set-aside Expenses

Administration (not to exceed 4% of the net capitalization grant)

The Drinking Water Program is authorized to utilize up to \$9,694,260 — or 4% of the net capitalization grant — for administrative purposes. As of June 30, 2020, Nevada has only requested and received \$7,295,435 (or 2.90%) so more grant money can be provided to loan recipients. The amount of grant funds for administration, as well as the current outstanding balance, is as follows:

Open Grants Available	Grant Amount	Draws within State FY19	Cumulative Draws thru State FY19	Draws within State FY20	Cumulative Draws thru State FY20	Available Funds at the end of State FY20
Previous	\$ 6,318,039	\$ 45,722	\$ 6,318,039	\$ -	\$ 6,318,039	\$ -
2017 Grant	316,120	315,562	315,562	558	316,120	-
2018 Grant	249,276	-	-	249,276	249,276	-
2019 Grant	412,000	-	-	99,734	99,734	312,266
Total	7,295,435	361,284	6,633,601	349,568	6,983,169	312,266
Remaining Federal Funds Available for Administration						4.28%

An application for the 2020 Drinking Water Grant totaling \$12,764,000 was pending on June 30, 2020 and therefore excluded from the above values. The grant was awarded on September 17, 2020 (SFY 2021). A total of \$419,630 was requested for 4% administration.

Small Systems Technical Assistance (not to exceed 2% of the net capitalization grant)

SDWA allows cash expenditures for additional programs to help small water systems that serve a population of 10,000 or less. The Drinking Water Program is authorized to utilize up to \$4,847,130 — or 2% of the net capitalization grant — for this purpose. As of June 30, 2020, Nevada has only requested and received \$4,020,735 (or 1.6%) so more grant money can be provided to loan recipients. The amount of grant funds for small systems technical assistance, as well as the current outstanding balance, is as follows:

Open Grants Available	Grant Amount	Draws within State FY19	Cumulative Draws thru State FY19	Draws within State FY20	Cumulative Draws thru State FY20	Available Funds at the end of State FY20
Previous	3,417,342	18,790	3,417,342	-	3,417,342	
2017 Grant	172,610	172,610	172,610	-	172,610	-
2018 Grant	175,663	7,244	7,244	168,419	175,663	-
2019 Grant	255,120	-	-	30,403	30,403	224,717
Total	4,020,735	198,644	3,597,196	198,822	3,796,018	224,717
Remaining Federal Funds Available for Small Systems Technical Assistance						5.59%

An application for the 2020 Drinking Water Grant totaling \$12,764,000 was pending on June 30, 2020 and therefore excluded from the above values. The grant was awarded on September 17, 2020 (SFY 2021). A total of \$172,550 was requested for 2% small systems.

State Program Management (not to exceed 10% of net capitalization grant)

SDWA also allows cash expenditures for the costs to manage state programs. They are incurred for two functions:

1. Enhancement of Public Water System Supervision
2. Implementation of Nevada’s capacity development strategy

Nevada is authorized to utilize up to \$24,235,650 — or 10% of the net capitalization grant — for this purpose. As of June 30, 2020, Nevada has only requested and received \$16,767,113 (or 6.9%) so more grant money can be provided to loan recipients. The amount of grant funds for state program management, as well as the current outstanding balance, is as follows:

Open Grants Available	Grant Amount	Draws within State FY19	Cumulative Draws thru State FY19	Draws within State FY20	Cumulative Draws thru State FY20	Available Funds at the end of State FY20
Previous	14,464,345	-	14,464,345	-	14,464,345	
2017 Grant	1,129,999	1,107,553	1,129,999	-	1,129,999	
2018 Grant	1,028,168	48,971	48,971	979,197	1,028,168	
2019 Grant	1,100,000	-	-	383,524	383,524	716,476
Total	17,722,512	1,156,524	15,643,315	1,362,721	17,006,036	716,476
Remaining Federal Funds Available for State Program Management						4.04%

An application for the 2020 Drinking Water Grant totaling \$12,764,000 was pending on June 30, 2020 and therefore excluded from the above values. The grant was awarded on September 17,

2020 (SFY 2021). A total of \$1,276,400 was requested for 10% state program management.

Local Assistance (not to exceed 15% of the net capitalization grant)

In addition to the other set-asides for small systems and state program management, SDWA allows cash expenditures for local assistance. This is to provide technical or financial assistance to public water systems for capacity development strategy and enhancement of the Wellhead Protection and Source Water Protection programs. The program is authorized to request up to 15% of each capitalization grant for this purpose. Nevada has only requested \$18,051,932 – or 7.4% so more grant money can be provided to loan recipients.

Open Grants Available	Grant Amount	Draws within State FY19	Cumulative Draws thru State FY19	Draws within State FY20	Cumulative Draws thru State FY20	Available Funds at the end of State FY20
Previous	15,392,685	50,694	15,392,685		15,392,685	
2017 Grant	847,999	747,417	747,417	100,582	847,999	
2018 Grant	863,647	-	-	807,128	807,128	56,519
2019 Grant	1,142,000	-	-	-	-	1,142,000
Total	18,246,331	798,111	16,140,102	907,710	17,047,812	1,198,519
Remaining Federal Funds Available for Local Assistance						6.57%

An application for the 2020 Drinking Water Grant totaling \$12,764,000 was pending on June 30, 2020 and therefore excluded from the above values. The grant was awarded on September 17, 2020 (SFY 2021). A total of \$560,650 was requested for 15% local assistance.

Note 10: Pensions and Other Post-Employment Benefits

The Nevada Legislature created various plans to provide benefits to qualified employees of the programs. The Public Employees’ Retirement Board administers these plans under the Public Employees’ Retirement System of Nevada (PERS). PERS is responsible for preparing an audited allocation report and disclosing relevant information pertaining to Government Accounting Standards Board (GASB) 68 and GASB 75 requirements, including actuarial valuations and calculations. The Nevada Clean Water Financial Statements and Drinking Water Financial Statements presented here discloses the allocated share of pension expense and net pension liability related to the time and effort of NDEP staff who administer each program. PERS’s audited allocation report is available online: <http://nvpers.org>.

Additional disclosure information on pension liability for the state can be obtained from the CAFR at: <http://controller.nv.gov/>

Note 11: Subsequent Events

Clean Water Program

NDEP staff applied for the 2020 Clean Water Grant totaling \$7,780,000 in the spring of 2020. The grant was pending on June 30, 2020. The award was approved and delivered to the State

on September 15, 2020. Funding consisted of \$7,780,000 for capitalization and \$0 for administration.

The program has executed a formal agreement since July 1, 2019.

1	Project Loans	\$1,149,451
0	Principal Forgiveness Loan	\$0
1	Total Loans	\$1,149,451

The program has loans pending:

0	Project Loans	\$0
2	Principal Forgiveness Loan	\$780,000
2	Total Loans	\$780,000

Drinking Water Program

NDEP staff applied for the 2020 Drinking Water Grant totaling \$12,764,000 in the spring of 2020. The grant was pending on June 30, 2020. The award was approved and delivered to the State on September 17, 2020. Funding consisted of \$10,334,770 for capitalization, \$172,550 for 2% set-aside activities, \$419,630 for 4% set-aside activities, \$1,276,400 for 10% set-aside activities, and \$560,650 for 15% set-aside activities.

The program has executed formal agreements since July 1, 2020:

0	Project Loans	\$0
3	Principal Forgiveness Loan	\$1,160,412
3	Total Loans	\$1,160,412

The program has loans pending:

1	Project Loans	\$16,250,000
10	Principal Forgiveness Loan	\$4,254,493
11	Total Loans	\$20,504,493

Note 12: Changes and Restatements

Governmental Accounting Standards Board (GASB) Statements

Statement 92 (January 2020): *Omnibus 2020*

The purpose of this statement is 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. The omnibus statement addresses lease, intra-entity transfers of assets, pensions, fiduciary activities asset retirement obligations, public entity risk pools, nonrecurring fair value measurements of assets or liabilities, and terminology used to refer to derivative instruments. There are no known impacts to the financial reports presented by the program at this time.

Statement 93 (March 2020): *Replacement of Interbank Offered Rates*

This Statement establishes accounting requirements for accounting for instruments tied to the interbank offered rate (IBOR) or London Interbank Offered Rate (LIBOR). It is not anticipated this statement will impact the financial statements at this time.

Statement 94 (March 2020): *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

The primary objectives of this Statement are to address proper accounting and issues related to public-private and public-public partnership arrangements (PPP). There are no known impacts to the financial reports presented by the program at this time.

Statement 95 (May 2020): *Postponement of the Effective Dates of Certain Authoritative Guidance*

The primary objectives of this Statement are to delay the implementation of various GASB pronouncements. NDEP will work closely with the Nevada Controller's Office to address any required changes in presentation. There are no known impacts to the financial reports presented by the program at this time.

Statement 96 (May 2020): *Subscription-Based Information Technology Arrangements*

The statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). The government should recognize the subscription as a right-to-use asset—an intangible asset—along with a corresponding liability. NDEP will work closely with the Nevada Controller's Office to address any required changes in presentation. There are no known impacts to the financial reports presented by the program at this time.

Statement 97 (June 2020): *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 statement provides guidance on the accounting and financial reporting for various activities including fiduciary component units and OPEB liabilities. NDEP will work closely with the Nevada Controller's Office to address any required changes in presentation. There are no known impacts to the financial reports presented by the program at this time.

Note 13: Other Matters

Contingencies

The programs are exposed to various risks of loss related to torts, thefts of assets, errors or omissions, injuries to state employees while performing administrative business, or acts of God. The State maintains insurance for all risks of loss that is included in the indirect costs allocated to each program. There have not been any claims against the programs since their inception.

Related Parties

There are no related party transactions with or related to amounts receivable from management of the Nevada Clean Water Program and/or the Nevada Drinking Water Program.

Audit Compliance Section

SFY 2020 Financial Statement Audit for the State of Nevada

The 2020 Nevada Comprehensive Annual Financial Report (CAFR) was independently audited by Eide Bailly, LLP. The financial statements of the State received a qualified opinion due to the auditors' inability to obtain sufficient appropriate audit evidence on the State's government-wide governmental activities as it relates to the general fund donated personal protective equipment inventory and the highway fund stockpile inventory. All other financial statements, including the business-type activities of the Clean Water Program and Drinking Water Program, were issued an unqualified or "clean" opinion.

SFY 2020 Audit over Internal Controls for the State of Nevada

Eide Bailly, LLP conducted an independent audit of Nevada's Internal Controls over Financial Reporting. Nine material weaknesses were identified in the internal controls:

Material Weakness 2020-1 — relates to Fraudulent unemployment benefits paid. Partial recovery of \$87.4 million. \$223 million potential to recover with unknown outcome.

Material Weakness 2020-2 — relates to reported balances in cash, receivables and payables in Unemployment accounts.

Material Weakness 2020-3 — relates to the monthly bank statement reconciliation. An unexplained variance of \$7,691,973 between the book balance and the bank balance exists.

Material Weakness 2020-4 — relates to the Highway Fund. Accounts payable was understated by \$504,641. Accounts Receivable was overstated by \$1,771,505.

Material Weakness 2020-5 — relates to tracking and recording of Coronavirus relief funds in the Supplemental Nutrition Assistance Program. SNAP revenue was understated by \$7,928,177.

Material Weakness 2020-6 — relates to the CIP Infrastructure. CIP-Infrastructure was understated by \$16,160,342.

Material Weakness 2020-7 — relates to inventory of personal protective equipment. Amount unknown.

Material Weakness 2020-8 — relates to investment funds in the College Savings Plan. Participant revenue and benefits were overstated by \$9.9 billion.

Material Weakness 2020-9 — relates to prior period adjustment of OPEB implicit subsidy. OPEB implicit subsidy was understated by \$6,797,371.

SFY 2020 Single Audit for the State of Nevada

The State of Nevada was subject to the single audit requirements for SFY 2020. The audit is currently being conducted by an independent accounting firm. In approximately June 2021, the audit will be published for public review online: <http://leg.state.nv.us/Division/Audit/>. Two loan recipients did not have Single Audits completed at the time this report is published. We will continue to monitor those recipients.

Single Audit for Loan Recipients

The following charts outline the loan recipients that received more than \$750,000 from both programs combined and therefore would be subject to the Single Audit Act requirements:

State Fiscal Year 2020 Single Audit Findings

Entity	Churchill County	CW 66.458	634,628.10
	Auditor HintonBurdick	DW 66.468	
		Total	634,628.10
Findings	No single audit requirement		
Follow-up	None		
Entity	Douglas County	CW 66.458	2,198,632.24
	Auditor Eide Bailly	DW 66.468	
		Total	2,198,632.24
Findings	Unqualified opinion. No EPA grant findings.		
Follow-up	None		
Entity	Hawthorne Utilities	CW 66.458	64,835.97
	Auditor Arrighi, Blake & Associates, LLC	DW 66.468	4,310.00
		Total	69,145.97
Findings	Unqualified opinion. No EPA grant findings.		
Follow-up	None		
Entity	North Las Vegas, City of	CW 66.458	252,929.98
	Auditor	DW 66.468	7,251,175.50
		Total	7,504,105.48
Findings	Not issued yet		
Follow-up	NDEP to follow up		
Entity	Douglas County Lake Tahoe Sewer Authority	CW 66.458	2,198,632.24
	Auditor Eide Bailly	DW 66.468	
		Total	2,198,632.24
Findings	Unqualified opinion. No EPA grant findings.		
Follow-up			
Entity	Trout Canyon Land and Water Users Association	CW 66.458	10,961.50
	Auditor None	DW 66.468	
		Total	10,961.50
Findings	No single audit requirement		
Follow-up			

State Fiscal Year 2020 Single Audit Findings continued

Entity	Tonopah, Town of	CW 66.458	61,382.16
Auditor	Daniel McArthur	DW 66.468	
		Total	61,382.16
Findings	No single audit requirement		
Follow-up	NDEP to follow up		
Entity	Riverbelle MHP	CW 66.458	
Auditor	None	DW 66.468	296,874.00
		Total	296,874.00
Findings	No single audit requirement		
Follow-up			
Entity	Mount Rose Bowl POWC	CW 66.458	
Auditor	None	DW 66.468	100,971.00
		Total	100,971.00
Findings	No single audit requirement		
Follow-up			
Entity	West Wendover, City of	CW 66.458	
Auditor	Hinton Burdick	DW 66.468	2,173,728.87
		Total	2,173,728.87
Findings	Unqualified opinion. No EPA grant findings.		
Follow-up			
Entity	Silver Springs	CW 66.458	
Auditor		DW 66.468	20,161.41
		Total	20,161.41
Findings	Not issued yet		
Follow-up	NDEP to follow up		
Entity	Roark Estates HOA	CW 66.458	
Auditor	None	DW 66.468	3,588.25
		Total	3,588.25
Findings	No single audit requirement		
Follow-up			
Entity	Esmeralda County-Silver Peak	CW 66.458	
Auditor	Daniel McArthur	DW 66.468	442,790.00
		Total	442,790.00
Findings	Unqualified opinion. No EPA grant findings.		
Follow-up	NDEP to follow up		

State Fiscal Year 2019 Single Audit Findings

<i>Entity</i>	Carson City, City and County of	<i>Findings</i>	<i>Follow-up</i>
<i>Auditor</i>	PiercyBowlerTaylor&Kern	Unqualified opinion. No EPA Grant findings.	Non needed
<i>CW 66.458</i>	\$ -		
<i>DW 66.468</i>	\$ 10,198,742.16		
<i>Total Received</i>	\$ 10,198,742.16		
<i>Entity</i>	Douglas County	<i>Findings</i>	<i>Follow-up</i>
<i>Auditor</i>			Audit is pending as of February 11, 2020
<i>CW 66.458</i>	\$ 1,735,814.65		
<i>DW 66.468</i>	\$ -		
<i>Total Received</i>	\$ 1,735,814.65		
<i>Entity</i>	Fernley, City of	<i>Findings</i>	<i>Follow-up</i>
<i>Auditor</i>	HintonBurdick	Unqualified opinion. No EPA Grant findings.	Non needed
<i>CW 66.458</i>	\$ 1,266,281.59		
<i>DW 66.468</i>	\$ -		
<i>Total Received</i>	\$ 1,266,281.59		
<i>Entity</i>	North Las Vegas, City of	<i>Findings</i>	<i>Follow-up</i>
<i>Auditor</i>	PiercyBowlerTaylor&Kern	CFDA 66.468 two findings relating to suspension & debarment and expenditure reporting	Nevada SRF staff following up with system to obtain compliance
<i>CW 66.458</i>	\$ 361,464.90		
<i>DW 66.468</i>	\$ 591,536.50		
<i>Total Received</i>	\$ 953,001.40		
<i>Entity</i>	Las Vegas Valley Water District	<i>Findings</i>	<i>Follow-up</i>
<i>Auditor</i>	PiercyBowlerTaylor&Kern	Unqualified opinion. No EPA Grant findings.	Non needed
<i>CW 66.458</i>			
<i>DW 66.468</i>	\$ 2,207,707.78		
<i>Total Received</i>	\$ 2,207,707.78		

Reconciliation to the Nevada CAFR

These financial statements, footnotes, and related schedules are presented for the U.S. Environmental Protection Agency to show program financial performance for the time presented. They are structured to provide comparability and ease of understanding between other Nevada SRF programs. However, the Nevada Clean Water SRF Program and Drinking Water SRF Program are fully integrated into the State of Nevada's government structure and therefore not separate from its reporting requirements.

- ◆ All cash in the program is held by the Nevada Treasury and invested according to the appointed Nevada Board of Finance Investment policies.
- ◆ All accounting transactions are processed in the state accounting system according to the State Controller's Office policies.
- ◆ Administrative accounts are subject to budget approval by the Nevada Legislature.
- ◆ Match and leverage bonds are state-issued general obligation, revenue supported, and negotiated by the Treasurer's Office on behalf of the program.
- ◆ Public loan recipients are required to issue a bond as collateral that the State Treasurer's Office purchases.
- ◆ Pension liabilities are allocated to the program by the State Controller's Office based upon data provided to them from the Public Employees Retirement System (PERS).
- ◆ Employees of the program are state employees subject to the Department of Administration Human Resource Management policies. The program does not have authority to hire employees separately from state service.

The program, along with the Nevada Drinking Water SRF Program and the Brownfields Revolving Fund Program, is presented as a major enterprise fund on the state CAFR as Water Projects Loans. The CAFR is independently audited by Eide Bailly, LLP, certified public accountants. A reconciliation of the audited 2020 CAFR and the program financial statements are presented here as required by Nevada's Operating Agreement with EPA. The independent auditor's opinion and the financial section to the CAFR are located online:

<http://controller.nv.gov/>

SFY 20 Reconciliation to the Nevada CAFR

2020		CWSRF	DWSRF	State Grants	Brownfields	All Programs	Nevada CAFR	Variance
Cash	Current	94,991,482	54,738,622		881,369	150,611,474	150,611,474	-
Federal Grants Receivable	Current	-	286,150		-	286,150	286,150	-
Loan Interest Receivable	Current	2,491,837	1,974,235		-	4,466,072	4,466,072	-
Loans Receivable	Current	21,857,918	12,859,293		-	34,717,211	34,717,211	-
Allowance for Loans	Current	-	(196,913)		-	(196,913)	-	(196,913)
Due from Other Fund	Current	544,948	352,569		5,003	902,520	902,520	-
Loans Receivable	Noncurrent	203,569,658	160,632,021		-	364,201,679	364,201,679	-
Prepaid Items	Noncurrent	208	385		-	593	593	-
Refunding Bonds	Deferred	-	36,138		-	36,138	36,138	-
Pension Contributions	Deferred	34,170	72,499		-	106,669	106,669	-
OPEB Contributions	Deferred	4,279	7,946		-	12,225	12,225	-
Administration Payable	Current	(2,551)	(84,156)		-	(86,707)	(86,707)	-
Payroll and Benefits	Current	(24,764)	(29,726)		-	(54,490)	(54,490)	-
Bond Interest Payable	Current	(856,440)	(317,329)		-	(1,173,768)	(1,173,768)	-
Due to other Fund	Current	(3,309)	(229,366)		-	(232,675)	(232,675)	-
Intergovernmental Payables	Current	-			(5,114)	(5,114)	(5,114)	-
Bonds Payable	Current	(9,164,377)	(2,929,483)		-	(12,093,860)	(12,093,860)	-
Bonds Payable	Noncurrent	(42,795,659)	(18,076,977)		-	(60,872,635)	(60,872,635)	-
Compensated Absences	Noncurrent	(3,710)	(6,891)		-	(10,601)	(10,601)	-
Pension Obligations	Noncurrent	(188,127)	(397,195)		-	(585,322)	(585,322)	-
OPEB Obligations	Noncurrent	(86,453)	(141,636)		-	(228,089)	(228,089)	-
Pension Related	Deferred	(17,828)	(37,484)		-	(55,312)	(55,312)	-
OPEB Inflows	Deferred	(4,850)	(9,007)		-	(13,857)	(13,857)	-
Net Assets	Restricted	270,346,431	208,503,697		881,258	479,731,387	479,928,301	(196,914)
TOTAL NET ASSETS	The CAFR does not account for allowances of doubtful accounts until all collection attempts have been exhausted.							
	In FY 2014, the Program provided an allowance for doubtful accounts.							
Net Asset variance		(196,914)						
Allowance for doubtful accounts		196,913						
Remaining variance		(1)	De minimus variance remaining					