



MINUTES
Southern Nevada District Board of Health
Audit Committee Meeting
330 Valley View Boulevard, Las Vegas, Nevada 89107
Administrative Conference Room

Thursday, March 20, 2014

Chair Beers called the meeting to order at 9:05 am. Annette Bradley, Esq., confirmed the meeting had been noticed in accordance with Nevada's Open Meeting Law and that a quorum was present.

Committee Members: Bob Beers - Chair, Councilman, City of Las Vegas
Present: Susan Crowley - At-Large Member, Environmental Specialist
John Marz - Councilman, Henderson
Lori Winchell - At-Large Member, Registered Nurse (by telephone)
Rod Woodbury - Councilman, Boulder City (by telephone at 9:06 am.)

Absent: Allan Litman - Councilman, Mesquite

Executive Secretary: Joseph P. Iser, MD, DrPH, MSc

Legal Counsel: Annette L. Bradley, Esq.

Also Present: None

Staff: Richard Cichy, Alice Costello, Cara Evangelista, Emmylou Garcia, Andy Glass, Kieawa Mason, Mars Patricio, Jr., Jacquelyn Raiche-Curl, Jacqueline Reszetar, Bonnie Sorenson, Nancy Williams and Valery Klaric, Recording Secretary.

Public: None

II. PUBLIC COMMENT

Public comment is a period devoted to comments by the general public on items listed on the agenda. All comments are limited to five (5) minutes.

Chair Beers asked if any members of the public wished to address the Committee regarding items appearing on the agenda.

Cara Evangelista, SEIU Chief Steward, General Unit, and Jacquelyn Raiche-Curl, SEIU Chief, Supervisory Unit, addressed the committee. They requested equal treatment in staff reductions including front line and management staff; provide the least amount of staff reductions and harm to employees and continue to provide a high level public health service to the community. Employees agreed to follow other governmental agenda in scaling back with no increases in wages or benefits and was instrumental in bringing problems forward regarding previous management.

III. ADOPTION OF THE MARCH 20, 2014 AGENDA

Chair Beers asked for a motion to adopt the meeting agenda as presented.

A motion was made by Member Crowley, seconded by Member Marz and carried unanimously to adopt the agenda as presented.

IV. REPORT / DISCUSSION / ACTION

A. Approval of Audit Committee Meeting Minutes – November 14, 2013

Chair Beers called for a motion to approve the November 14, 2013 Audit Committee minutes.

Motion made by Member Marz, seconded by Member Crowley and carried unanimously to approve the minutes from the November 14, 2013 meeting.

B. Receive, Review and Discuss the Southern Nevada Health District's Budget for FY 2015. (Attachment 1)

Andrew Glass, Director of Administration, stated that prior to reviewing the budget there were a number of issues that may impact the budget as it is presented today.

1. Underfunded Property Tax Revenue may impact the current budget and will be discussed at the March 27, 2014 Board of Health meeting. Five percent interest income is due on the underfunded amount.
2. Clean Water Coalition funds that are closely associated with the underfunded tax revenue and included as part of that settlement. Mr. Glass explained that \$1,690,000 is in dispute with Clark County and part of the monies that SNHD did not receive from the county to date and would be received as part of the unrestricted funds.
3. Potential to Receive Additional Revenue:
 - Contracting with 3rd Party Payers
 - Federal GrantsSNHD just received notification from Clark County of the potential to receive additional revenue that is not reflected in budget presentation, which; is expected to change recordation of revenue.
4. Facility and building acquisition:
 - Relocation Expenses
 - Reduction in Lease ExpensesNotice on the Valley View building lease must be provided. Recommendations will be forthcoming and could impact budget expenditures.
5. Collective Bargaining Agreement with SEIU. Negotiations are underway and may impact the budget.

Mr. Glass reviewed SNHD funds:

- **Governmental Funds:**
 - a) General Fund
 - b) Bond Reserve (Building) Fund
 - c) Capital Projects Fund

- **Proprietary Funds:**
 - a) Southern Nevada Public Health Laboratory (SNPHL) Fund
 - b) Insurance Liability (Workmen's Compensation) Fund

- **Fiduciary Fund:**
 - a) Retiree Health Insurance Fund

General Fund Budget – FY Ending June 30, 2015	
Beginning Fund Balance	\$ 10,854,191 [a]
Total Revenues	56,764,617
Total Expenditures	(61,374,153)
Total Transfer to Building Fund	(1,181,619)
Total Expenditures and Transfer	(62,555,772)
Ending Fund Balance	\$ 5,063,036 [b]
<p>[a] Based on the Estimated Fiscal Year ending June 30, 2014.</p> <p>[b] This fund balance represents 8.2% or less than a month of the FY 2015 budgeted General Fund Total Expenditures. It is \$5,125,072 or around 50.3% below the approved minimum reserve for unrestricted fund balance.</p> <p><i>Note: SNHD BoH approved a policy authorizing SNHD to maintain at a minimum, unrestricted fund balance in the General Fund of between two to three months or 16.6% to 25% of general fund operating expenditures.</i></p>	

General Fund Budget Fiscal Year Ending June 30, 2015 Ending Fund Balance				
Description	Actual FYE 2013	Approved FYE 2014	Estimated FYE 2014	Budgeted FYE 2015
Fund Balance, Beginning	13,382,077	4,788,372 **	21,076,238	10,854,191
Underfunded Share in Property Tax Allocation		17,961,526		
Interest Income on Underfunded Share		1,500,000		
Disputed Property Tax Allocation (Settled)	16,287,866			
Revenue	58,880,920	57,294,581	57,267,566	56,764,617
Total Operating Expenditures	(66,141,389)	(65,923,078)	(63,908,460)	(61,374,153)
Transfer to Capital Fund	(81,572)	-	-	
Transfer to Liability Reserve Fund	-	-	-	
Transfer to Proprietary Fund	(1,251,664)	-	-	
Transfer to Bond Reserve (Building) Fund	-	(1,301,226)	(1,284,370)	(1,181,619)
FY 2012-Underfunded Portion of Reserve		(1,012,305)	(997,765)	
FY 2013-Underfunded Portion of Reserve		(149,481)	(165,188)	
FY 2013-Transfer			(1,133,829)	
Fund Balance, Ending	21,076,238	13,158,389	10,854,192	5,063,036
Fund Balances:				
Non-spendable:				
Inventory	542,874	-	-	
Prepaid Items	375,804	-	-	
Unassigned	20,157,560	13,158,389	10,854,192	5,063,036
Total Fund Balances	21,076,238 *	13,158,389	10,854,192	5,063,036
Note:	<p>* Ending Fund Balance comes from the audited FY 2012 Comprehensive Annual Financial Report (CAFR).</p> <p>** Net of Disputed Property Tax Allocation settlement of 16,287,866 budgeted in FYE 2014 but received in FYE 2013.</p>			

Chair Beers stated the key items are the decline in the ending fund balance as a percentage of expenditures. The board approved a policy that the General Fund should have an unrestricted balance of 16.6%, equivalent to two months, up to a maximum of 25%, or three months, as suggested by the Government Financial Officers Association (GFOA) as best practice. The 2014 budget barely met that figure and the 2015 budget violates that policy. The Nevada Administrative Code (NAC) requires at least 4%.

Dr. Iser presented a three year plan to bring the deficit to zero elimination of the entire deficit in the FY 2015 budget to the board and noted that the FY 2015 Budget presentation is based on three year deficit elimination. Mr. Glass reported Clark County notified SNHD that additional tax allocation funds up to \$2 million may be received, presenting the question regarding allocation of those funds and whether to apply them directly against the \$4,609,536 2015 budget deficit or use part of the funds toward deficit reduction and the other portion toward operational offset for the current year. The SNHD budget must be submitted to the county a month before Clark County finalizes their forecasted revenue. The budget goal is not to spend more funds than received and additional funds may be presumed to appear in subsequent years in the property tax revenue, depending on the economy. Total suggested budget reductions are \$5.2 million. Member Crowley what the ending percentage of the reserve would be if the extra money was applied to the General Fund and the budget was not changed and Dr. Iser responded that if the amount was \$1 million, it would be an approximate 20% increase and 1.6-2% more.

Bond Reserve Fund: (Building Fund) Mr. Patricio reported the opening fund balance of \$14,997,117 with \$1,181,619 transferred from the General Fund, which could fluctuate depending on the final county allocation amount. He reported a Board of Health Resolution in January stating that \$.25 of a dollar from the county allocation would be used to fund the Bond Reserve Fund. This fund was set up to pay for a bond if the county issues the bond for a building and was changed in 2010 to acquire real estate and will be used for a building fund instead of the debt service or bond reserve fund. The fund is projected to have \$16,277,738 at the end of FY 2015 and at current projections the fund does not have enough money to purchase, refurbish and furnish the building (cubicles, etc.).

Capital Reserve Fund: Mr. Patricio stated the Capital Reserve Fund contains \$6,002,951 for board approved projects. The fund remains unspent and management is considering repurposing the fund into future SNHD projects. Dr. Iser recommended repurposing these funds into the Bond Reserve Fund (Building Fund) and will present two options to the Board of Health to purchase or lease buildings prior to proceeding with a final recommendation in April. The two buildings are:

- 400 Shadow Lane for clinical and other ancillary services. Approximate cost of \$8.5 million and build-out costs estimated at \$1.5 million totaling \$10 million.
- Covington Cross purchase price is around \$8.5 million with build-out costs in the area of \$4 million.

Dr. Iser said the two buildings would cost \$21-22 million and reported the district is also looking at other options, including build out costs that could be less expensive. The Valley View building owners are preparing an offer for purchase of the building and they would do the renovations, which could be more expensive than the other two options. Approximately \$2.5 million would be saved by no longer leasing the buildings at Shadow Lane and Valley View that cost \$500,000 and \$2.million (respectively) annually. Relocation of the TB clinic to any building will cost \$200-250,000 due to necessary air flow measures. An analysis will be completed comparing lease versus purchase.

Annual contributions to the Capital Reserve Fund over the past eight years have been in excess of \$1 million.

Dr. Iser stated that a very beneficial long-term lease agreement was presented for the Valley View building and the board decided against it, resulting in renegotiating the lease at an increased rate. The Valley View lease expires August 1, 2015 and a new lease would be renegotiated at an increased amount just under \$3 million. Costs to relocate clinics and accomplish ADA compliance are upwards of \$17 million in addition to the purchase price. Dr. Iser will provide information regarding lease costs versus the cost of purchasing a building as part of the building update to the board. An analysis regarding available funds to purchase will be presented to the board in April and Dr. Iser stated the district could approach Clark County as SNHD is unable to float a bond to purchase. The Shadow Lane building owner renegotiated some of the leases for longer terms and SNHD would receive that income, but would not have the benefit of all of the space. Space analysis would be needed to determine if enough open space is available for relocation of SNHD clinics, with the immunization and TB clinics being the main nursing functions relocated there.

Member Marz questioned the reduced revenue (Budget Page 9) estimated at \$57,267,565 in 2014 compared with the 2015 budgeted revenue of \$56,764,617 in light of increased property taxes. Mr. Glass reported a 4% decrease in fees for service in programs and contracted services reduced about 38%. Review of the budget showing Fee for Service, Refugee Health, STD and Vital Records combined show a 4% reduction. Member Marz questioned Property Tax Allocations estimated at \$17,988,360 in FY 2014 to \$16,549,291 for Budget FY 2015 and Mr. Patricio responded the 2015 budgeted figure was provided to SNHD by Clark County Budget than the figure provided by the county. State Funding increased from \$428,508 in FY 2014 to \$1,236,898 in FYE 2015 due to the \$385,130 Healthy Nevada Tobacco grant and \$416,210 Immunization AFIX grant. Chair Beers requested clarification of Immunization State Funding listed under the General Fund Revenue Detail (Page 9 of the Budget) showing increased funding from the Immunization AFIX grant as compared with the \$1,069,979 Immunizations Fee for Service figure (Page 8), noting it may be a budget classification issue.

Mr. Glass reviewed the Liability Reserve Fund and Southern Nevada Public Health Laboratory (Budget Page 6). The Liability Reserve Fund is a self-funded SNHD Workers' Compensation Fund and the budgeted figure is based on an actuarial study and includes a \$100,000 bond payable to the state. SNHD is due for an updated actuarial study that may result in a lower budget figure in the future. A suggestion was made that SNHD look into joining forces with another public entity for this fund.

Mr. Glass reviewed the Southern Nevada Public Health Laboratory (SNPHL) Fund (Enterprise Fund) (Budget Page 6) showing the decreased fund at \$583,291, which will be depleted next year. Southern Nevada Public Laboratory is a priority and Dr. Iser has begun discussions to look at options. Originally, revenue was provided through the CDC and administered through the state Public Health Laboratory, and would secure outside business to be self-sufficient, but SNHD only relied on the grant and due to space limitations is unable to expand operations. SNPHL is a biolevel three lab that handles dangerous agents and the only one within hundreds of miles (the closest believed to be in Reno) and is part of the Cities Readiness Initiative and BioWatch programs. The lab is supported by public health emergency preparedness funds, which are declining. Space is an issue prohibiting utilization by outside facilities and Dr. Iser stated that use of the SNPHL to handle district lab work would decrease nursing costs for TB, STD and

HIV and other testing. Strategic planning sessions will be held within the district to review space requirements to perform SNHD and community testing. SNPHL testing is conducted in areas of importance related to public health agents, such as norovirus and anthrax and receives samples from other entities. Much of their work is confidential requiring immediate turnaround and it would not be practical to send them to another biolevel 3 lab.

The laboratory Enterprise Fund does not have enough money to cover operations making it necessary to provide SNHD operating funds. SNHD will be able to bill for services and testing within SNHD when Electronic Health Record is in place. Physicians are required to refer positive tests to SNHD, but are not compelled by law to send their patients to SNHD, but they do send their patients for treatment. With decreased CDC grant funding the district must use 8010 funds for treatment or work within the Affordable Care Act to ensure that physicians provide preventative services, i.e., TB, STD's, immunizations, HIV. Chair Beers summarized stating that the district is the lab's biggest customer and if SNHD is going to fund the Enterprise fund it will be by charging themselves in the general fund. Currently for budgeting purposes STD and TB grant money is going into the general fund for budget purposes and SNHD would have to use money from the general fund to contribute to funding laboratory activities if the lab was structured on a user fee basis unless the lab was utilized by outside services to bring money into the SNHD accounts. Bonnie Sorenson, Director of Clinics and Nursing Services, reported plans to revise the fee schedule looking at costs to enable the district to bill entities for services. Dr. Iser said the reason for the strategic plan is to determine how the district can market the SNPHL, but current space, staffing and equipment are insufficient, which he stated is another problem that will be encountered when preparing the FY 2016 budget. Dr. Iser reported plans to look at increasing revenue, which will involve increasing laboratory space and possibly hiring additional personnel; the other option is to close the lab resulting in limiting the ability to protect the population from biological and other threats and also increase costs. He noted plans are in place to meet with Dr. Brown, Nevada State Public Health Laboratory, to develop a plan for the laboratory to generate income by billing for nursing services over the next year. Dr. Iser stated he could not recommend using all of the additional tax allocation funds for operating expenses due to uncertainty with building, laboratory and other items.

Dr. Iser met with the Food and Drug Administration (FDA) to discuss turning the laboratory into a Food Emergency Response Network (FERN) lab. The FDA assured him the laboratory would receive samples from California, Southern Nevada and Arizona. The lab is currently an LRN lab, which is a CDC affiliated laboratory. Retaining the laboratory provides potential for other grants and additional sources of revenue, including Environmental Health. The laboratory could expand by utilizing the entire Desert Lane building, which would require relocation of services housed in that building. Dr. Iser spoke with the Nevada Department of Transportation to discuss impact of Project Neon on the lab; SNHD may need to consider moving the laboratory, which can provide the ability to expand.

Chair Beers discussed budgeting at the state level stating that incoming revenue is considered in two broad categories; General Fund Revenue: 1) Funds raised from Nevadans (never grants) and 2) Other Revenue: Grants and funds coming from outside of Nevada (primarily Medicaid). Through use of an internal fund, the state places all administrative functions in the fund and allocates it across all activity of the entity enabling inclusion of those costs as a legitimate cost for billing Medicaid services reimbursed by the federal government. This concept applies in the discussion of how the district sees this lab as an enterprise and would assist in improving overall

economics of the organization. Mr. Glass stated this ties into cost allocation and the administrative overhead allocated by SNHD to each of the grants.

Dr. Iser reported fee increases are planned with Vital Records Fees going before the board in April and during the next calendar year will determine how to charge overhead funds for nursing and environmental health, noting that money going into administration. Community and Environmental Health fee adjustments are planned and intended to increase annually. Mr. Glass reviewed the General Operating Fund Summary (Budget Page 5):

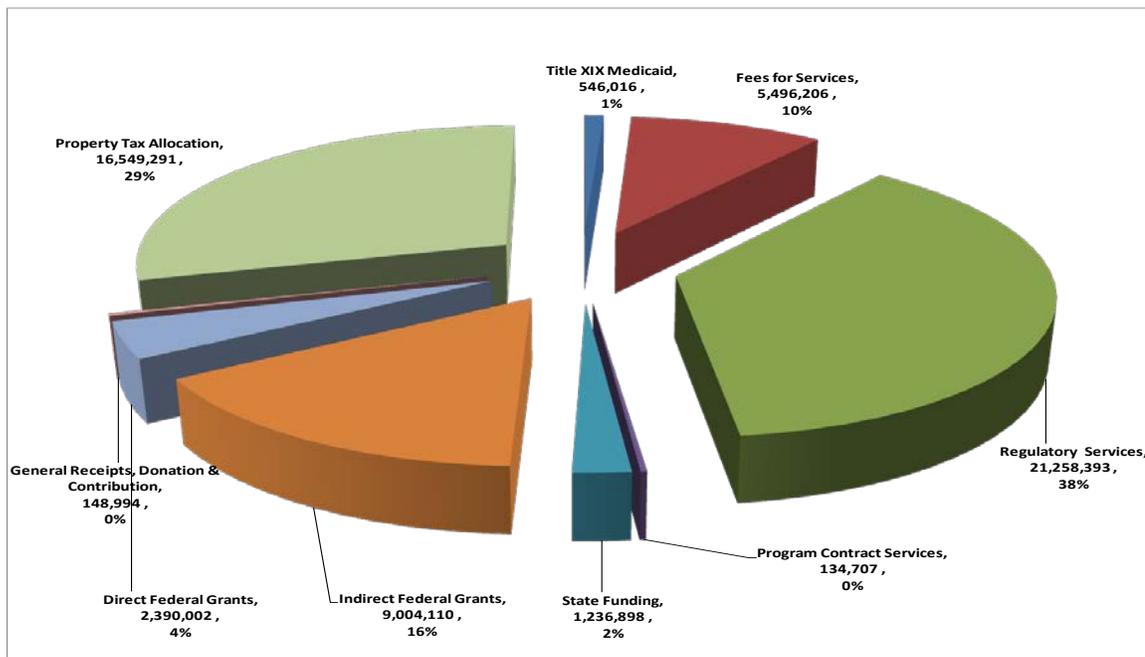
**General Fund
 Budget
 Fiscal Year Ending June 30, 2015
 Ending Fund Balance**

Description	Actual FYE 2013	Approved FYE 2014	Estimated FYE 2014	Budgeted FYE 2015
Fund Balance, Beginning	13,382,077	4,788,372	** 21,076,238	10,854,192
Undeferred Share in Property Tax Allocation		17,961,526		
Interest Income on Undeferred Share		1,500,000		
Disputed Property Tax Allocation (Settled)	16,287,866			
Revenue	58,880,920	57,294,581	57,267,566	56,764,617
Total Operating Expenditures	(66,141,389)	(65,923,078)	(63,908,460)	(61,374,153)
Transfer to Capital Fund	(81,572)	-	-	-
Transfer to Liability Reserve Fund	-	-	-	-
Transfer to Proprietary Fund	(1,251,664)	-	-	-
Transfer to Bond Reserve (Building) Fund	-	(1,301,226)	(1,284,370)	(1,181,619)
FY 2012-Underfunded Portion of Reserve		(1,012,305)	(997,765)	
FY 2013-Underfunded Portion of Reserve		(149,481)	(165,188)	
FY 2013-Transfer			(1,133,829)	
Fund Balance, Ending	21,076,238	13,158,389	10,854,192	5,063,037
Fund Balances:				
Non-spendable:				
Inventory	542,874	-	-	
Prepaid Items	375,804	-	-	
Unassigned	20,157,560	13,158,389	10,854,192	5,063,037
Total Fund Balances	21,076,238	* 13,158,389	10,854,192	5,063,037
Note:				
*	Ending Fund Balance comes from the audited FY 2012 Comprehensive Annual Financial Report (CAFR).			
**	Net of Disputed Property Tax Allocation settlement \$ 16,287,866 budgeted in FYE 2014 but received in FYE 2013.			

He stated that the beginning fund balance is \$10,854,192 and ending balance is \$5,063,037 and expenditures exceed the revenue resulting in a deficit that he noted has been experienced over the last four years and will continue in 2015. Dr. Iser stated that management's intent is to ensure the board is aware of the financial status and SNHD has been spending in deficit for several years. He also provides the same information to the union and staff and maintain transparency. During the past five years the district experienced a "perfect storm" with huge decreases in property taxes, the county withheld funding, staff relocation from the Shadow Lane property, which incurred significant expenses resulting in spending savings created by this situation.

Mr. Glass stated that comparison of fiscal years 2013, 2014 and 2015 shows the fund balance decrease that occurred. Revenues also showed a decrease during that period with revenue sources indicated on the General Fund Revenues graph:

General Fund Revenues (By Source) \$56,764,617

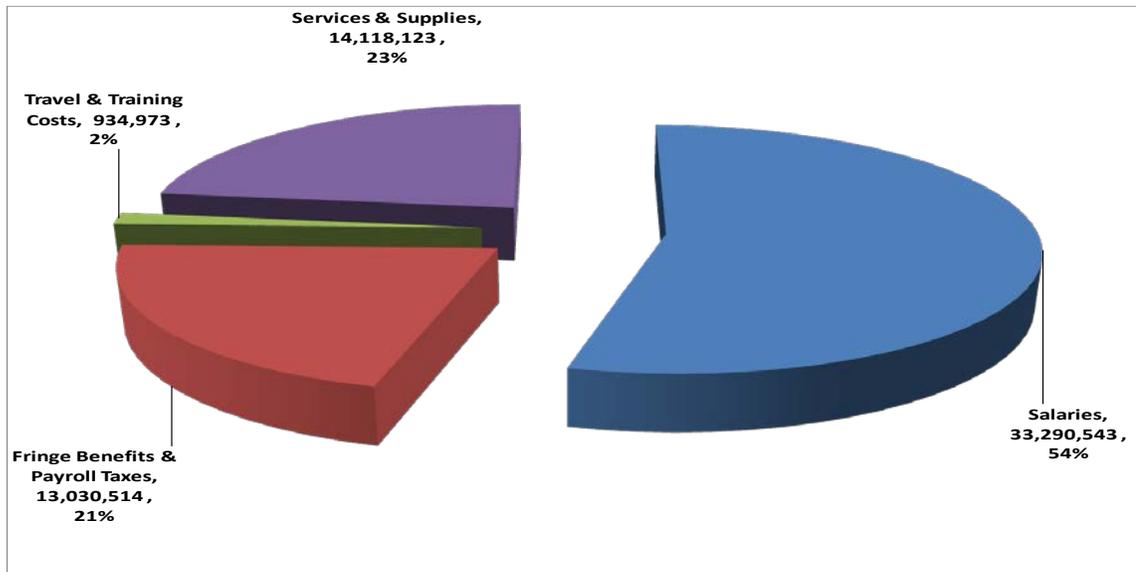


Mr. Glass reviewed the Comparison of Operating Expenses for 2014 and 2015 and the graph depicting the details, noting that 75% is due to salary and benefits.

General Fund Budget Fiscal Year Ending June 30, 2015 Comparison of Operating Expenditures FYE 2014 vs. FYE 2015

	BUDGET		Increase (Decrease)	
	FYE 2014	FYE 2015	Amount	%
Personnel Costs:				
Salaries	36,845,098	33,290,543	(3,554,555)	-10%
Fringe Benefits & Payroll Taxes	13,667,140	13,030,514	(636,626)	-5%
Total Personnel Costs	50,512,238	46,321,057	(4,191,181)	-8%
Travel & Training Costs	1,229,425	934,973	(294,452)	-24%
Services & Supplies	14,181,415	14,118,123	(63,292)	0%
Total Expenditures	65,923,078	61,374,153	(4,548,925)	-7%

**General Fund Budget Fiscal Year Ending June 30, 2015
 Details of Operating Expenditures
 \$ 61,374,153**



Mr. Glass reviewed Estimated Fund Balances:

**Budget – Fiscal Year Ending June 30, 2015
 Estimated Fund Balances**

Description	GOVERNMENTAL FUNDS			PROPRIETARY FUNDS		All Funds *
	General	Capital Reserve	Building	Workmen's	SNPHL	
	Fund 05	Fund 06	Fund 07	Fund 62	Fund 70	
Fund Balance, Beginning	10,854,192	5,954,951	14,997,117	786,735	3,320,475	35,913,470
Revenue	56,648,220	-	-	-	973,546	57,621,766
Transfer In	-	-	1,181,619	-	-	1,181,619
Interest Earned	116,396	48,000	99,000	7,200	24,000	294,596
Expenditures	(61,374,153)	-	-	(100,000)	(3,734,730)	(65,208,883)
Transfer Out	(1,181,619)	-	-	-	-	(1,181,619)
Fund Balance, Ending	5,063,036	6,002,951	16,277,736	693,935	583,291	28,620,949
Note:	* Excludes Fiduciary (Retiree Health Insurance) Fund.					

Mars Patricio, Finance Manager, reviewed the Fiduciary Fund Estimated Balance, which he described as a fund used to report resources held in trust for retirees as required by the SEIU collective bargaining unit. The fund will be used to help fund SNHD retirees cost in maintaining the group health insurance benefits provided the district. This is not in the budget as it is not for health district use and only for retired employees.

**Budget
 Fiscal Year Ending June 30, 2015
 Fiduciary Fund Estimated Balance**

<u>Description</u>	FIDUCIARY FUND Retiree Health Insurance Fund 62
Fund Balance, Beginning	430,062
Underfunded Share in Tax Allocation	-
Revenue	
Transfer In	-
Interest Earned	3,238
Expenditures	-
Transfer Out	-
Fund Balance, Ending	433,300

Committee members requested information regarding how the budget cuts would impact the community and programs for review before approving a budget and if where any increased revenue should be used. A question arose regarding the union regarding staff reductions and Dr. Iser stated that union representatives were at today's meeting and they expressed that they want to work with SNHD to minimize the impact to employees and also meet fiscal goals. Cara Evangelista, SEIU Chief Steward, General Unit, and Jackie Raiche-Curl, SEIU Chief Steward, Supervisory Unit, reported they are working together with SNHD to interpret the existing contract language dealing with staff reduction and lay-off process because of conflicting language. The union would like to see where reductions would occur, if it will be equal or will entire programs be cut. They reported the sessions are going well. The reductions will impact every division and will impact services and rank and file, supervisory and management employees. Management was directed to cut 20% from the 8010 funds and do their best to minimize impact to employees, public health services, SNHD and community at large.

Member Marz presented two issues that need reviewed by the Board of Health:

1. Dropping below the reserve revenue determine by the Board of Health.
2. A reported regarding building or leasing will not be ready by the time board approval is required on the budget.

It will be difficult to make decisions without those answers.

Dr. Iser stated that he will recommend to the board that SNHD purchase property versus leasing, but he will not know those costs until April. The lease ends in August 2015 and

requires a ten month notice. An analysis of lease and purchase options will be presented to the board. The budget must be submitted to Clark County March 31, 2014. Member Winchell stated for the record that she was uncomfortable having to make a decision as it is "putting the cart before the horse". Dr. Iser reported that budget amendments can and will be made to the board and any additional tax allocation will be spent by direction of the board. SNHD management and the board both have to make the budgeting decision without having the final tax allocation number from the county that is governed by the state budget cycle. SNHD will know the amount of additional tax allocation by April 26 and layoffs will have to begin in May.

Chair Beers opened for public comment:

Ms. Evangelista addressed the committee again and reminded the board that employees were the ones that realized there was something wrong with the budget and management and were the driving force for two years to remove the old management with board support, public, media and employees. Current management was supported by employees to find and correct these problems and if the union did not originally speak up the three year scenario would occur.

C. Discuss and Approve Recommendations to the Southern Nevada District Board of Health on March 27, 2014 Regarding the FY15 Budget.

The Fiscal Year 2015 Budget will be presented at the March 27, 2014 Board of Health meeting and discussion followed regarding the general fund reserve balance falling below the 16.6% minimum reserve balance approved by the Board of Health. It was noted that the fund is above the NAC mandated level of 4%. Member Crowley stated the budget reflects the first year of a three year plan that Southern Nevada Health District will operate at a deficit, reducing that deficit each year during that three year period and eliminating the deficit after the third year.

Motion made by Member Marz, seconded by Member Crowley and carried unanimously to recommend approval of the Fiscal Year 2015 Budget by the Board of Health with the authorization of a waiver to permit the General Fund to fall below the 16.6% minimum reserve balance approved by the Board of Health and in compliance with the NAC mandated level of 4%.

- V. PUBLIC COMMENT:** A period devoted to comments by the general public, if any, and discussion of those comments, about matters relevant to the Board's jurisdiction will be held. No action may be taken upon a matter raised under this item of this Agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken pursuant to NRS 241.020. Comments will be limited to five (5) minutes per speaker. Please clearly state your name and address, and spell your last name for the record. If any member of the Board wishes to extend the length of a presentation, this may be done by the Chairman or the Committee by majority vote.

Chair Beers asked for public comment and seeing none closed this portion of the meeting.

VI. ADJOURNMENT

The meeting adjourned at 10:50 am.

Respectfully Submitted,

Bob Beers, Chair

/vk

Following the Audit Committee meeting, Mars Patricio, Jr., Financial Services Manager, advised Dr. Iser of an error in the beginning balance of the Proprietary Fund – Southern Nevada Public Health Laboratory and provided a letter and updated information to Audit Committee members that reviewed the documentation at the meeting. The letter and revised information follows:

DRAFT



March 20, 2014

Southern Nevada District Board of Health
Audit Committee
Attention: Mr. Bob Beers, Chairperson

Dear Mr. Beers, Chairperson, and Members of the Audit Committee:

After the Budget Presentation today, it has come to our attention that there is an error in the beginning balance of the Proprietary Fund – Southern Nevada Public Health Laboratory. The Leadership Team would like to notify you of this error before the Board meeting on March 27, 2014.

Due to a formula error, a wrong number was forwarded as the beginning balance of Budget FYE 2015. The Leadership Team has decided to make the necessary Budget correction before the Board presentation.

Attached are:

- a) Pages 5 and 6 of the Budget as presented during today's Audit Committee meeting [Watermarked "PRESENTED"]
- b) Pages 5 and 6 of the Budget as corrected [Watermarked "CORRECTED"]

PRESENTED - On pages 5 and 6, under the Budget FYE 2015 column, the numbers affected by the error are highlighted in light blue.

CORRECTED - On pages 5 and 6, under the Budget Column FYE 2015, the corrected numbers are highlighted in light green.

IMPACT: The following are the results of the correction:

- a) General Fund:
 - a. Increase in Transfer Out by \$ 506,540
 - b. Decrease in fund balance from \$5,063,036 to \$ 4,556,496
 - c. Decrease in Ending Fund Balance % from 8.2% to 7.4%
- b) Proprietary Fund:
 - a. Increase in Transfer In by \$ 506,540
 - b. Decrease in Ending Fund Balance from \$ 583,291 to Zero.

We apologize for this mistake and for any inconvenience it may have caused. Please call Dr. Joseph Iser, Andrew J. Glass, or myself if you any question regarding this matter.

Very sincerely yours,

A handwritten signature in blue ink, appearing to read 'Mars P. Patricio, Jr.', is written over a light blue horizontal line.

Mars P. Patricio, Jr.
Financial Services Manager

PRESENTED

GENERAL OPERATING FUND SUMMARY

DESCRIPTION	ACTUAL FYE 2013	APPROVED FYE 2014	ESTIMATE FYE 2014	BUDGET FYE 2015
OPENING FUND BALANCE	13,382,077	4,788,372 *	21,076,238	10,854,191
UNDERFUNDED SHARE IN TAX ALLOCATION		17,961,526		
INTEREST INCOME ON UNDERFUNDED SHARE		1,500,000		
DISPUTED PROPERTY TAX ALLOCATION (Settled)	16,287,866			
REVENUE	58,880,920	57,294,581	57,267,565	56,764,617
TOTAL OPERATING EXPENDITURES	(66,141,389)	(65,923,078)	(63,908,460)	(61,374,153)
TRANSFER TO CAPITAL FUND	(81,572)	-	-	-
TRANSFER TO LIABILITY RESERVE	-	-	-	-
TRANSFER TO PROPRIETARY FUND	(1,251,664)	-	-	-
TRANSFER TO BOND RESERVE	-	(1,301,226)	(1,284,370)	(1,481,619)
FY 2012 - Underfunded portion of reserve		(1,012,305)	(997,765)	
FY 2013 - Underfunded portion of reserve		(149,481)	(165,188)	
FY 2013 - Transfer			(1,133,829)	
ENDING FUND BALANCE	21,076,238	13,158,389	10,854,191	5,063,036
NONSPENDABLE FUND BALANCE	918,678	-	-	-
UNASSIGNED FUND BALANCE	20,157,560	13,158,389	10,854,191	5,063,036
ENDING FUND BALANCE	21,076,238	13,158,389	10,854,191	5,063,036
ENDING FUND BALANCE % **	31.9%	20.0%	17.0%	8.2%

Note: * Excludes County Settlement of \$16,287,866 Budgeted in FYE but received in FYE 2013.
 ** Ending Fund Balance % = Ending Fund Balance / Total Operating Expenditures.

REVENUE:

TITLE XIX MEDICAID	484,388	533,285	468,976	546,016
FEE FOR SERVICE	4,866,325	5,241,941	5,719,174	5,496,206
REGULATORY REVENUE	21,614,151	19,583,000	21,182,584	21,258,393
PROGRAM CONTRACT SERVICES	230,474	1,108,226	217,040	134,707
STATE FUNDING	643,646	400,000	428,508	1,236,898
INDIRECT FEDERAL FUNDS	10,026,874	9,616,171	8,940,815	9,004,110
FEDERAL GRANTS	4,649,249	2,366,002	2,161,114	2,390,002
GENERAL RECEIPTS	485,851	221,500	160,994	148,994
PROPERTY TAX ALLOCATION	15,879,962	18,224,456	17,988,360	16,549,291
DISPUTED PROPERTY TAX ALLOCATION (Settled)	16,287,866			
TOTALS	75,168,786	57,294,581	57,267,565	56,764,617

EXPENDITURES:

SALARIES	35,798,486	36,845,098	36,071,474	33,290,543
FRINGE BENEFITS AND PAYROLL TAXES	12,742,866	13,667,140	14,365,765	13,030,514
SERVICES AND SUPPLIES	17,600,037	15,410,840	13,471,221	15,053,096
CAPITAL OUTLAY	-	-	-	-
TOTALS	66,141,389	65,923,078	63,908,460	61,374,153

SUMMARY:

REVENUES	75,168,786	57,294,581	57,267,565	56,764,617
Less-Disputed Property Tax Allocation (Settled)	(16,287,866)	-	-	-
REVENUES Without the Property Tax Settlement	58,880,920	57,294,581	57,267,565	56,764,617
EXPENDITURES	(66,141,389)	(65,923,078)	(63,908,460)	(61,374,153)
DEFICIT	(7,260,469)	(8,628,497)	(6,640,895)	(4,609,536)

RESERVE FUNDS

DESCRIPTION	ACTUAL FYE 2013	APPROVED FYE 2014	ESTIMATE FYE 2014	BUDGET FYE 2015
CAPITAL RESERVE FUND				
OPENING FUND BALANCE	7,526,560	6,534,951	6,534,951	5,954,951
TRANSFER FROM GENERAL FUND	81,572		-	-
INTEREST EARNED	58,391	62,000	49,000	48,000
CONTRIBUTIONS AND DONATIONS				
CAPITAL EXPENDITURES	(1,131,572)	(629,000)	(629,000)	
ENDING FUND BALANCE	6,534,951	5,967,951	5,954,951	6,002,951
ASSIGNED FUND BALANCE	6,534,951	5,967,951	5,954,951	6,002,951
ENDING FUND BALANCE	6,534,951	5,967,951	5,954,951	6,002,951

LIABILITY RESERVE FUND				
NET POSITION, BEGINNING OF YEAR	881,082	889,535	889,535	786,735
TRANSFER FROM GENERAL FUND				-
INTEREST EARNED	8,453	8,400	7,200	7,200
PAID CLAIMS/DEDUCTIBLES		(100,000)	(110,000)	(100,000)
UNRESTRICTED	889,535			
NET POSITION, END OF YEAR	889,535	797,935	786,735	693,935

SOUTHERN NEVADA PUBLIC HEALTH LABORATORY

NET POSITION, BEGINNING OF YEAR	4,655,500	4,217,361	4,217,361	3,320,475
REVENUE	1,757,402	1,375,546	1,377,500	973,546
TRANSFER FROM GENERAL FUND	1,251,664		-	-
INTEREST EARNED	38,412	68,000	27,000	24,000
EXPENDITURES	(3,485,617)	(3,479,087)*	(3,391,217)**	(3,734,730)***
NET POSITION, END OF YEAR	4,217,361	2,181,820	2,230,644	583,291
NET INVESTMENT IN CAPITAL ASSETS	891,941			
UNRESTRICTED	3,325,420	2,181,820	2,230,644	583,291
NET POSITION, END OF YEAR	4,217,361	2,181,820	2,230,644	583,291

* FYE 2014 Approved excludes depreciation of \$183,000

** FYE 2014 Estimated excludes depreciation of \$172,000

*** FYE 2015 Budget excludes depreciation of \$172,637

CORRECTED

GENERAL OPERATING FUND SUMMARY

DESCRIPTION	ACTUAL FYE 2013	APPROVED FYE 2014	ESTIMATE FYE 2014	BUDGET FYE 2015
OPENING FUND BALANCE	13,382,077	4,788,372 *	21,076,238	10,854,191
UNDERFUNDED SHARE IN TAX ALLOCATION		17,961,526		
INTEREST INCOME ON UNDERFUNDED SHARE		1,500,000		
DISPUTED PROPERTY TAX ALLOCATION (Settled)	16,287,866			
REVENUE	58,880,920	57,294,581	57,267,565	56,764,617
TOTAL OPERATING EXPENDITURES	(66,141,389)	(65,923,078)	(63,908,460)	(61,374,153)
TRANSFER TO CAPITAL FUND	(81,572)	-	-	-
TRANSFER TO LIABILITY RESERVE	-	-	-	-
TRANSFER TO PROPRIETARY FUND	(1,251,664)	-	-	(508,540)
TRANSFER TO BOND RESERVE	-	(1,301,226)	(1,284,370)	(1,181,619)
FY 2012 - Underfunded portion of reserve		(1,012,305)	(997,765)	
FY 2013 - Underfunded portion of reserve		(149,481)	(165,188)	
FY 2013 - Transfer			(1,133,829)	
ENDING FUND BALANCE	21,076,238	13,158,389	10,854,191	4,556,496
NONSPENDABLE FUND BALANCE	918,678	-	-	-
UNASSIGNED FUND BALANCE	20,157,560	13,158,389	10,854,191	4,556,496
ENDING FUND BALANCE	21,076,238	13,158,389	10,854,191	4,556,496
ENDING FUND BALANCE % **	31.9%	20.0%	17.0%	7.4%

Note: * Excludes County Settlement of \$16,287,866 Budgeted in FYE but received in FYE 2013.

** Ending Fund Balance % = Ending Fund Balance / Total Operating Expenditures.

REVENUE:

TITLE XIX MEDICAID	484,368	533,285	468,976	546,016
FEE FOR SERVICE	4,866,325	5,241,941	5,719,174	5,496,206
REGULATORY REVENUE	21,614,151	19,583,000	21,182,584	21,258,393
PROGRAM CONTRACT SERVICES	230,474	1,108,226	217,040	134,707
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INDIRECT FEDERAL FUNDS	10,026,874	9,616,171	8,940,815	9,004,110
FEDERAL GRANTS	4,649,249	2,366,002	2,161,114	2,390,002
GENERAL RECEIPTS	485,851	221,500	160,994	148,994
PROPERTY TAX ALLOCATION	15,879,962	18,224,456	17,988,360	16,549,291
DISPUTED PROPERTY TAX ALLOCATION (Settled)	16,287,866			
TOTALS	75,168,786	57,294,581	57,267,565	56,764,617

EXPENDITURES:

SALARIES	35,798,486	36,845,098	36,071,474	33,290,543
FRINGE BENEFITS AND PAYROLL TAXES	12,742,866	13,667,140	14,365,765	13,030,514
SERVICES AND SUPPLIES	17,600,037	15,410,840	13,471,221	15,053,096
CAPITAL OUTLAY	-	-	-	-
TOTALS	66,141,389	65,923,078	63,908,460	61,374,153

SUMMARY:

REVENUES	75,168,786	57,294,581	57,267,565	56,764,617
Less-Disputed Property Tax Allocation (Settled)	(16,287,866)	-	-	-
REVENUES Without the Property Tax Settlement	58,880,920	57,294,581	57,267,565	56,764,617
EXPENDITURES	(66,141,389)	(65,923,078)	(63,908,460)	(61,374,153)
DEFICIT	(7,260,469)	(8,628,497)	(6,640,895)	(4,609,536)

RESERVE FUNDS

DESCRIPTION	ACTUAL FYE 2013	APPROVED FYE 2014	ESTIMATE FYE 2014	BUDGET FYE 2015
CAPITAL RESERVE FUND				
OPENING FUND BALANCE	7,526,560	6,534,951	6,534,951	5,954,951
TRANSFER FROM GENERAL FUND	81,572		-	-
INTEREST EARNED	58,391	62,000	49,000	48,000
CONTRIBUTIONS AND DONATIONS				
CAPITAL EXPENDITURES	(1,131,572)	(629,000)	(629,000)	
ENDING FUND BALANCE	6,534,951	5,967,951	5,954,951	6,002,951
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TRANSFER FROM GENERAL FUND				-
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PAID CLAIMS/DEDUCTIBLES		(100,000)	(110,000)	(100,000)
UNRESTRICTED	889,535			
NET POSITION, END OF YEAR	889,535	797,935	786,735	693,935

SOUTHERN NEVADA PUBLIC HEALTH LABORATORY				
NET POSITION, BEGINNING OF YEAR	4,655,500	4,217,361	4,217,361	2,230,644
REVENUE	1,757,402	1,375,546	1,377,500	973,546
TRANSFER FROM GENERAL FUND	1,251,664		-	506,540
INTEREST EARNED	38,412	68,000	27,000	24,000
EXPENDITURES	(3,485,617)	(3,479,087)*	(3,391,217)**	(3,734,730)***
NET POSITION, END OF YEAR	4,217,361	2,181,820	2,230,644	-
NET INVESTMENT IN CAPITAL ASSETS	891,941			
UNRESTRICTED	3,325,420	2,181,820	2,230,644	-
NET POSITION, END OF YEAR	4,217,361	2,181,820	2,230,644	-

* FYE 2014 Approved excludes depreciation of \$183,000
 ** FYE 2014 Estimated excludes depreciation of \$172,000
 *** FYE 2015 Budget excludes depreciation of \$172,637