



2011

Comprehensive Annual
FINANCIAL REPORT



SOUTHERN NEVADA HEALTH DISTRICT
CLARK COUNTY, NEVADA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2011

Report Prepared By:
Administration Division, Financial Services Section
Southern Nevada Health District
625 Shadow Lane
Las Vegas, Nevada 89106

Lawrence Sands, DO MPH
Chief Health Officer

District Officials

CHIEF HEALTH OFFICER

Lawrence Sands, DO, MPH



BOARD OF HEALTH

Officers

CHAIR Linda Strickland, Boulder City Councilwoman • **VICE CHAIR** Tim Jones, Business/Industry Member at Large • **SECRETARY** Jimmy Vigilante, Environmental Specialist Member at Large

Board Members

Stavros Anthony, Las Vegas City Councilman • Kathleen Boutin, Henderson City Councilwoman • Jim Christensen, MD, Physician Member at Large • Robert Eliason, North Las Vegas City Councilman • Chris Giunchigliani, Clark County Commissioner • Nancy Menzel, RN, Registered Nurse Member at Large • John Onyema, MD, CPE, Physician Member at Large • Mary Beth Scow, Clark County Commissioner • Lois Tarkanian, Las Vegas City Councilwoman

Alternates

(Not Pictured) Kam Brian, Business/Industry Member at Large • Travis Chandler, Boulder City Councilman • Michael Collins, RN, Registered Nurse Member at Large • Susan Crowley, Environmental Specialist Member at Large • Karl Gustavson, Mesquite City Councilman • Joe Hardy, MD, Physician Member at Large • Debra March, Henderson City Councilwoman • Frank Nemecek, MD, Physician Member at Large • Steven Ross, Las Vegas City Councilman • Lawrence Weekly, Clark County Commissioner • Anita Wood, North Las Vegas City Councilwoman

DIVISION HEADS

(Not Pictured) **ADMINISTRATION** Scott Weiss, Director • **COMMUNITY HEALTH** John Middaugh, MD, Director • **CLINICS & NURSING SERVICES** Bonnie Sorenson, Director • **ENVIRONMENTAL HEALTH** Glenn Savage, Director

**SOUTHERN NEVADA HEALTH DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2011**

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Introductory
SECTION





November 29, 2011

Board of Health
Southern Nevada Health District and Citizens:

The Comprehensive Annual Financial Report (CAFR) of the Southern Nevada Health District, Clark County, Nevada, for the fiscal year ended June 30, 2011, is submitted herewith as mandated by NRS 354.624. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures rests with the Southern Nevada Health District (SNHD). To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds of SNHD. All disclosures necessary to enable the reader to gain an understanding of SNHD's financial activities have been included. The reader is referred to the Management Discussion and Analysis section beginning on page 3 for an overview of SNHD's financial position and result of operations.

PROFILE OF THE GOVERNMENT

The Southern Nevada Health District was created pursuant to Nevada Revised Statute (NRS) 439.361 under Ordinance No. 163 of the Board of County Commissioners of Clark County, Nevada on June 5, 1962. The structure of the Southern Nevada District Board of Health (Board) was changed by the 2005 Legislature, effective July 1, 2005. The current Board structure per NRS 439.362 provides for:

- Two representatives from the board of county commissioners
- Two representatives from the governing body of the largest incorporated city in the county
- One representative from the governing body of each other city in the county
- Two representatives who are physicians licensed to practice medicine in this State, one of whom is selected on the basis of his education, training, experience or demonstrated abilities in the provision of health care services to members of minority groups and other medically underserved populations;
- One representative who is a nurse licensed to practice nursing in this State;
- One representative who has a background or expertise in environmental health or environmental health services; and
- One representative from a business or an industry that is subject to regulation by the District.

The Board represents a unique consolidation of the public health needs of Boulder City, Las Vegas, North Las Vegas, Henderson, Mesquite and Clark County, Nevada into one regulating body that has jurisdiction over all public health matters in Clark County. Clark County covers 7,910 square miles and includes a countywide population in 2010 of over 1.9 million people or 72% of the population of the State of Nevada.

REPORTING ENTITY

SNHD is not included in any other governmental "reporting entity" as defined in the Codification of Governmental Accounting and Financial Reporting Standards issued by the Governmental Accounting Standards Board (GASB). The Board has policy-making responsibility for SNHD activities including the ability to significantly influence operations and primary accountability for fiscal matters. SNHD receives funding from federal, state and local government sources, as well as foundations and not-for-profit entities and must comply with the requirements of these funding source entities. Pursuant to NRS 439.367, SNHD's fund balances are pooled with those of Clark County and invested by the County Treasurer on behalf of the SNHD. SNHD, however, retains full control and accountability for these fund balances.

The CAFR includes all funds of the primary government unit, SNHD, and does not include any component units. Component units are legally separate entities for which the primary government unit is financially accountable. The nature and significance of the relationship between SNHD and the entity is such that exclusion of the entity would cause SNHD's basic financial statements to be misleading or incomplete.

HEALTH DISTRICT SERVICES

Southern Nevada Health District is responsible for protecting and promoting the health and well-being of Clark County residents and visitors. The program goals of SNHD include the following:

- a) to assure the Southern Nevada Health District and/or the public health system has the capacity and infrastructure to provide essential public health services in a fiscally responsible manner and through a qualified workforce
- b) to promote, protect and improve health status and reduce health disparities;
- c) to gather and interpret data to guide public health decision-making and support action based on evidence-based practices; and
- d) to continually improve and promote internal and external communications and collaboration.

The Clinic and Nursing Services Division provides services to more than 400,000 clients in its public health clinics each year. Services are provided regardless of a client's ability to pay and include providing immunizations for infants, children and adults, sexually transmitted disease (STD) testing and treatment, tuberculosis (TB) treatment and control, family planning services, refugee services, well child check-ups, HIV/AIDS case management and home visitation. Nursing Services are provided at the Ravenholt Public Health Center, East Las Vegas, Henderson, Mesquite, Cambridge, and various other locations throughout the community on an "as needed" basis.

Environmental Health Division activities include the oversight of public health programs designed to protect the health of residents and visitors through inspection programs for child care facilities; food and beverage establishments; public accommodations; public swimming pools and spas; installation, repairs, upgrades and suspected leaks of underground storage tanks; and tattoo, permanent makeup and body piercing operations. Additionally, a plan review program covering food and beverage establishments, individual sewage disposal systems, public swimming pools and spas, public water systems and subdivision review is in place. SNHD is the Solid Waste Management Authority for Clark County and in this capacity provides regulatory oversight, including plan reviews and inspections of all solid waste facilities and recycling centers. Waste management audit inspections are conducted to ensure area businesses manage waste properly and are protective of public health and the environment. The division also monitors for potential outbreaks in the animal population to prevent the spread of disease and conducts routine surveillance programs in the spring, summer and fall of each year. These programs monitor for diseases such as plague, Hantavirus and West Nile Virus.

The Community Health Division programs include chronic disease prevention and health promotion, epidemiology, emergency medical system and trauma system coordination, and public health emergency preparedness for bioterrorism and other public health emergencies. The Southern Nevada Public Health Laboratory (SNPHL) opened in July 2004 as a branch of the Nevada State Health Laboratory and is under the technical direction of University of Nevada School of Medicine (UNSOM) although the SNPHL functions administratively under the Community Health Division.

Overall Health District management is provided by the Chief Health Officer through the Administration Division. General administrative functions provided by the division include human resources, financial services, information technology, facilities services and public information. Other programs included in the Administration Division are health cards and vital records.

ECONOMIC CONDITION AND OUTLOOK

Although population growth has slowed because of fewer job opportunities, according to the estimates made by the Nevada state demographer, the population in Clark County grew to 1,968,831 in 2010. This reflects a population increase of 0.9 percent over the 2009 estimate of 1,952,040. Growth is expected to continue by 0.5 percent and increase slightly to 1.0 percent in 2012. This will bring Clark County's population to 1,978,675 in 2011 and 1,998,462 in 2012.

While growth may be below historic levels, much of the growth consists of workers in service jobs without medical insurance and of senior citizens requiring a greater level of healthcare services. Nevada is experiencing a higher rate of foreclosures than most states, causing disruptions and financial burden for borrowers and lenders. Revenues, dependent on housing, remain depressed resulting in increased unemployment and reduced spending. The unemployment rate in Nevada was reported at 12.4 percent as of June, 2011 compared to 14.9 percent a year ago and is above the national unemployment average rate of 9.2 percent. Clark County's unemployment rate of 13.8 percent represents the highest in the state of Nevada and is higher than the national unemployment average. With weak job growth, falling house prices, increased difficulty in obtaining loans as well as high food and energy costs, consumer confidence continues to slip, which suggests uncertainty of growth across the broader economy.

The unrelenting growth of the Las Vegas Valley over the past 20 years has placed a strain on physical facilities. The main health center building at the Shadow Lane campus has become inadequate and too antiquated to provide basic services effectively. The cost of additional leased space for the expansion of required programs continues to increase SNHD's operational expenses as do maintenance costs for the older main campus facilities constructed over four and one half decades ago.

While constructing a new facility would be prohibitively expensive at this time, SNHD still faces the reality that the existing Shadow Lane campus does not meet the current needs of the Health District and due to the age of the facility, the cost of maintaining the existing campus would not be financially prudent. In order to arrange for a replacement facility SNHD faces the challenge of arranging for financing. SNHD's fund balance in its "Bond Reserve Fund" is earmarked for this essential capital acquisition. Currently the fund has an ending balance of \$10,627,219. The Health District has additional facilities located in East Las Vegas, Henderson, Spring Valley, 400 Shadow Lane, Cambridge Community Center, Laughlin, and Mesquite. SNHD recently expanded the East Las Vegas location from 10,085 square feet to approximately 20,983 square feet.

The diversification of the Las Vegas economy has proceeded at a slower pace than anticipated. The ability to meet the increasing demand for more public health services will continue to depend on SNHD's ability to diversify its funding in light of the expected decrease in property tax.

Visitor volume grew by 2.7 percent in 2010 to 37,335,426 -- an increase of 983,957 visitors over the 2009 total of 36,351,469; but, a decrease of 1,861,335 or 4.7 percent from a pre-recession 2007 total of 39,196,761. In 2011, visitor volume is expected to increase at a rate of 3.8 percent to 38,754,172 visitors. In 2012, the number of visitors is expected to increase another 3.6 percent for a total visitor count of 40,149,322.

A number of strategies have been formulated to strengthen the Las Vegas economy but it will be challenging to implement them. While prices continue to decrease in the housing market, the sales of both new and existing homes are at an unprecedented low level. In many cases, potential buyers are struggling to secure mortgages as creditors have tightened financing and lending policies. The Treasury Department has injected stimulus funding in the banking sector to strengthen balance sheets and persuade banks to start making loans again. The Las Vegas metropolitan area led the nation not only in the percentage of homes with negative equity of 63.3 percent; but also, in terms of average loan-to-value ratio of 119.7. The median home prices fell to \$128,000 in the second quarter of 2011.

In FY 2011, the County collected total property tax of \$1.7 billion within the same year the tax was levied – a decrease of 37.9 percent or \$840.2 million from FY 2010. In comparison to FY 2010, SNHD's property tax allocation in FY 2011 decreased by 14.2% or \$3.5 million. The housing market will need to be stabilized before seeing any improvement in the economy.

Budget challenges in Federal, State, and local governments had negative impact on the funding stream of various programs in the Southern Nevada Health District. When compared to the prior fiscal year, SNHD saw decline in the current fiscal year revenue related to Title XIV, Fee for Service, Program Contract Services, State Funding, Federal Funds distributed by State, General Receipts and Property Tax allocation from the County.

Clark County gaming revenue for 2010 was \$8,908.6 million. This reflects a 0.8 percent increase over the 2009 total of \$8,838.3 million; but, a \$2,030.0 million or 18.7 percent decrease over pre-recession 2007 total revenue of \$10,868.3 million. In 2011, gaming revenues are expected to increase by 1.7 percent for a total of \$9,057.9 million by year's end. In 2012, another increase of 2.4 percent for a total "gaming win" of \$9,274.6 million is expected to be seen.

FINANCIAL INFORMATION

The executive and management teams of SNHD are responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Health District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

We believe that SNHD's internal controls adequately safeguard assets and provide reasonable assurance on the proper recording of financial transactions.

Single Audit

As a recipient of federal, state and county assistance, SNHD is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by the executive and management teams of SNHD.

As a part of SNHD's single audit, tests are made to determine the adequacy of the internal control structure, including the portion related to federal financial assistance programs, as well as to determine that the Health District has complied with applicable laws and regulations.

Budgeting Controls

In addition to internal controls, SNHD maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by SNHD's governing body. Activities of the general, capital reserve, debt reserve, internal service, retiree health insurance and proprietary funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by fund. SNHD also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

As demonstrated by the statements and schedules in the financial section of this report, SNHD continues to meet its responsibility for a sound financial management.

Cash Management

SNHD is required by NRS 439.367 to pool all of its funds with Clark County and that these funds be invested by the Clark County Treasurer. At fiscal year end June 30, 2011, \$52,417,445 in cash resources was invested with the Clark County Treasurer. The average effective yield on maturing investments was 1.93% compared with 2.13% in the prior year. The Clark County Treasurer's policy is to invest public funds in a manner that will provide for the highest degree of safety, liquidity, and yield while conforming to all statutes governing the investing of public funds.

Risk Management

SNHD has the obligation to manage and control the potential financial impact of frequent and predictable losses and continues to pursue ways of reducing risk exposures. The following relationships are considered by management in the development of a risk management program:

- Risks marked by high severity and high probability are dealt with through avoidance and reduction.
- Risks with high severity and low probability are most appropriately dealt with through insurance.
- Risks characterized by low severity and high probability are appropriately dealt with through retention of funds and reduction of risks.
- Risks characterized by low severity and low probability are best handled through retention.

The District participates in the Clark County Cooperative Agreement for coverage of liability claims and related expenses with \$10,000 retention per occurrence.

OTHER INFORMATION

Independent Audit

Nevada Revised Statute 354.624 requires an annual audit by independent certified public accountants. The accounting firm of Piercy Bowler Taylor & Kern was selected by the Board to perform the fiscal year 2011 audit. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act of 1996 and related OMB Circular A-133. The auditor's report on the basic financial statements is included in the financial section of this report beginning on page 1. The auditor's report on the internal accounting controls of SNHD and statement regarding the use of monies in compliance with the purpose of each fund (beginning on page 75) is included in the compliance and controls section and will be filed as a public record pursuant to NRS 354.624.

Report Evaluation

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting (CAEFR) to those agencies meeting its established criteria. In order to be awarded a Certificate of Achievement, SNHD must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to the program standards. The District has received the Certificate of Achievement for its CAFR for fiscal years ending 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010. See page viii for the FY 2010 CAEFR certificate.

Acknowledgements

Timely preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Financial Services Section of the Administration Division and the staff of our independent auditors, of Piercy Bowler Taylor & Kern. We would like to express our appreciation to all members of the divisions and sections who assisted in and contributed to its preparation.

In closing, without the continuing interest and support of the Board of Health in planning and conducting the financial operations of the Southern Nevada Health District, preparation of this report would not have been possible.

Sincerely,

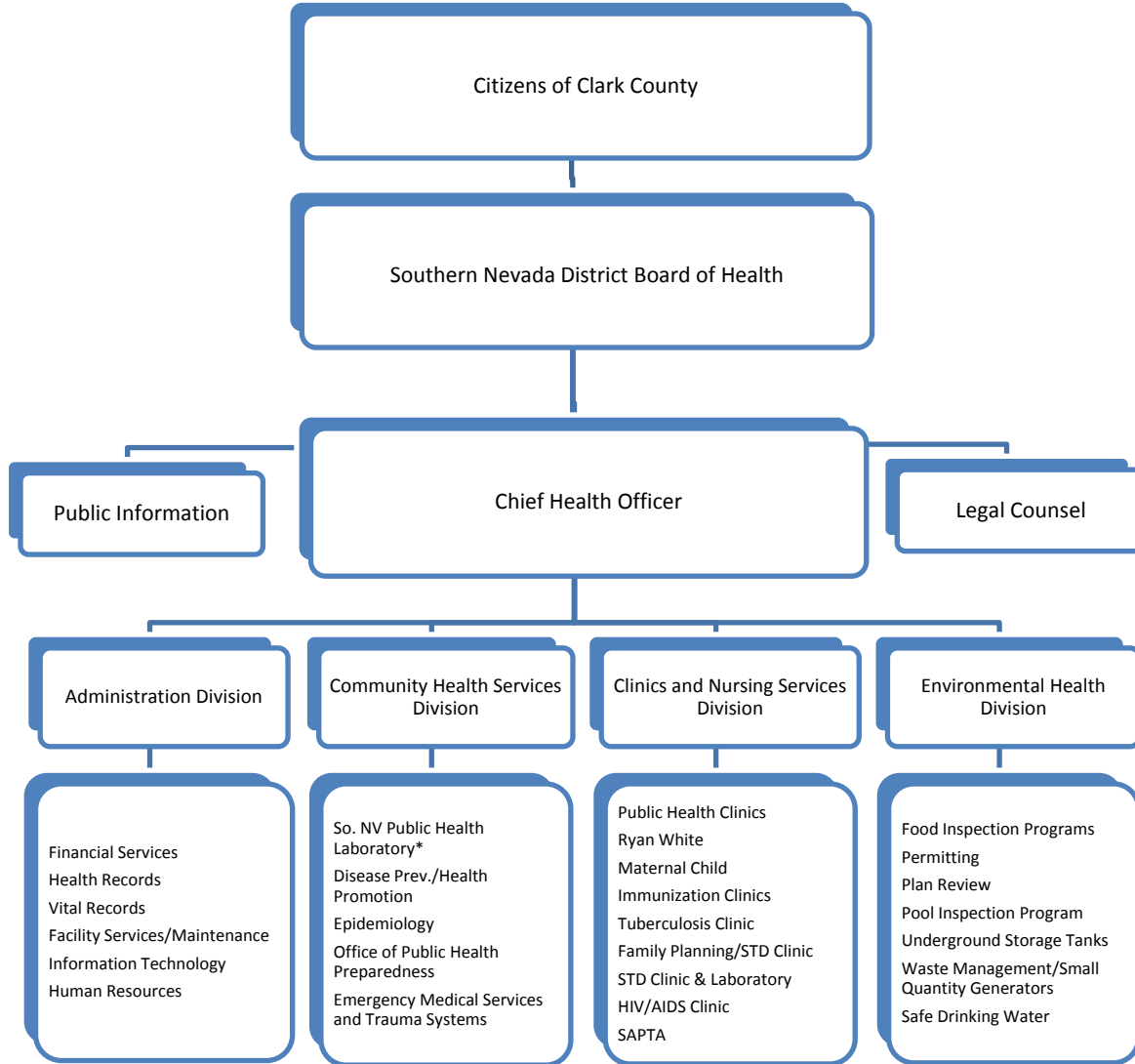


Lawrence Sands, DO, MPH
Chief Health Officer



Scott Weiss
Director, Administrative Services

Southern Nevada Health District Organization Chart Fiscal Year Ending June 30, 2011



*The Southern Nevada Public Health Laboratory (SNPHL) opened in July 2004 as a branch of the Nevada State Health Laboratory and is under the technical direction of University of Nevada School of Medicine (UNSON) although the SNPHL functions administratively under the Community Health Division. The SNPHL shall continue to be designated as a branch of the NSHL pursuant to NRS 439.240.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Southern Nevada Health District

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davison
President

Jeffrey L. Esser
Executive Director

Financial
SECTION



**INDEPENDENT AUDITORS' REPORT ON FINANCIAL
STATEMENTS AND SUPPLEMENTARY INFORMATION**

Members of the District Board of Health
Southern Nevada Health District
Clark County, Nevada

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Southern Nevada Health District, (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2011, and the respective changes in financial position and where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Members of the District Board of Health
Southern Nevada Health District
Clark County, Nevada

Management's discussion and analysis, beginning on page 3, the budgetary information for the general fund beginning on page 49 and the schedule of funding progress for the District's Other Postemployment Benefits Plan (OPEB) on page 50, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and, therefore, express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, individual fund financial statements and schedules and statistical tables, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

A handwritten signature in blue ink that reads "Percy Bowler Taylor" followed by a stylized flourish.

November 18, 2011

**SOUTHERN NEVADA HEALTH DISTRICT
Management's Discussion and Analysis
Required Supplementary Information**

This section of the Comprehensive Annual Financial Report (CAFR) presents the discussion and analysis of the financial performance of Southern Nevada Health District (the District or SNHD) during the fiscal year ended June 30, 2011. The Management's Discussion and Analysis (MD&A) is required as an element of the reporting model established by the Governmental Accounting Standards Board (GASB) in Statement 34 and subsequent Statements 37 and 38 governing the presentation of financial statements. The MD&A is designed to give the reader an easy-to-understand overview of the District's financial position as of and the results of its operations for the fiscal year just ended. Please read it in conjunction with the transmittal letter at the front of this report (page i) and SNHD's basic financial statements following this section from page 18 thru 28.

FINANCIAL HIGHLIGHTS

- Assets exceeded liabilities by \$46,032,950 (*Net Assets*) at the close of Fiscal Year 2011. Of this amount, \$35,149,097 (*Unrestricted Net Assets*) may be used to meet the SNHD's ongoing obligations to citizens and creditors, \$101,653 is restricted for specific purposes (*Restricted Net Assets*), and \$10,782,200 is invested in capital assets.
- Total Net Assets decreased by \$2,441,257 in the fiscal year ended June 30, 2011 compared to the prior year. Total Net Assets for governmental activities decreased by \$4,212,308 from prior year. See page 23 for a reconciliation of the net change in fund balances for Governmental Funds to the change in net assets for Governmental Activities.
- As of June 30, 2011, Governmental Funds reported combined ending fund balances of \$43,600,887, a decrease of \$1,406,732 in comparison with the prior year. Approximately 63% of this total amount or \$27,327,045 is *available* to meet SNHD's current and future needs (*Unassigned Fund Balances*).
- At the end of the fiscal year, the Unassigned Fund balance for the General Fund was \$27,327,045 or 38% of General Fund total expenditures. The Unassigned Fund balance was 35% of General Fund total expenditures plus transfers to other governmental funds. This Unassigned General Fund ending balance is \$4,358,807 or 14% lower than that of the prior year's ending balance of \$31,685,852. The decrease was due to the expiration of the \$5 million H1N1 grant.
- The Capital Reserve Fund ending fund balance of \$4,641,199 was 26% or \$951,265 greater than the prior year balance of \$3,689,934 due to transfers made and interest income earned.
- The Bond Reserve Fund ending fund balance of \$10,627,219 represented an increase of \$1,719,174 or 19% over the prior year due to transfers made from general fund and interest income earned of \$194,681.
- The Federal Grant (direct and indirect) revenue increased by a net amount of \$3,269,588 in comparison with the prior year. The increase resulted from additional funding for Family Planning Title X program, and Communities Putting Prevention to Work (CPPW) Tobacco. SNHD also obtained new grant funding for CPPW Obesity and Teen Pregnancy Prevention.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Southern Nevada Health District's basic financial statements are comprised of three components:

- 1) **Government-wide** financial statements,
- 2) **Fund** financial statements, and
- 3) **Notes** to the basic financial statements.

Required Supplementary Information is included in addition to the basic financial statements.

Government-wide Financial Statements are designed to provide readers with a broad overview of SNHD's finances in a manner similar to a business in the private-sector.

The **Statement of Net Assets** presents information on all of SNHD's assets and liabilities. The difference between assets and liabilities is reported as *Net Assets*. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of SNHD is improving or declining.

The **Statement of Activities** presents information showing how SNHD's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenditures are reported in this statement for some items that will increase or decrease cash flows in a future fiscal period (e.g., uncollected tax revenue, and earned but unused vacation leave).

The government-wide financial statements distinguish functions of SNHD and indicate the amount of support from taxes, charges for services, operating grants and capital grants. The governmental activities of SNHD are comprised of the following divisions:

- a) *Nursing and Clinical Services* - programs for communicable diseases, general nursing administration, immunizations, women's health, children's health, refugee health, and other nursing programs.
- b) *Environmental Health* - programs for environmental health and sanitation, waste management, and other environmental health programs.
- c) *Administration* - includes programs for health cards, vital records, general administration, financial services, facilities maintenance, information technology, and public information.
- d) *Community Health* - programs for community health administration, chronic disease prevention and health promotion, epidemiology, public health preparedness, and emergency medical/trauma services.

The government-wide financial statements can be found on pages 18-19 of this report.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. SNHD, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. By doing so, readers may understand better the long-term impact of SNHD's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

SNHD maintains three individual governmental funds. Information for the General Fund, the Bond Reserve Fund and the Capital Projects Fund are presented in each separate column.

The combined governmental fund financial statements can be found on pages 21-22 of this report.

The **Proprietary Fund** is used to account for government's ongoing activities that are similar to those found in the private sector. These activities consist primarily of providing services for a fee or selling a supply, material, or product to the public or another government agency.

SNHD maintains a Proprietary Fund to present the financial activities of the Southern Nevada Public Health Laboratory (SNPHL). The Proprietary Fund consists of a Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows.

The **Internal Service Fund** is used to account for self-insured workers compensation claims. SNHD's self-insured workers compensation program became effective on July 1, 2005 after it was approved by the Division of Insurance of the State of Nevada on May 12, 2005 and the Southern Nevada District Board of Health on May 26, 2005.

The financial summary of the Proprietary Fund and Internal Service Fund can be found on pages 24 - 26 of this report.

The **Fiduciary Fund** is used to account for resources held for the benefit of parties outside of the District. Fiduciary fund is not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own activities.

The Retiree Health Insurance fund was created as required by the terms of the Collective Bargaining Agreement (CBA) between Southern Nevada Health District (SNHD) and Service Employee International Union (SEIU). This fund will be used to help fund retired employee costs in maintaining the group health insurance benefit as provided by SNHD

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes can be found on pages 29-48 of this report.

Required Supplementary Information is presented concerning SNHD's General Fund budget. SNHD adopts an annual appropriated budget for its General Fund. A budgetary comparative schedule has been provided for the General Fund to demonstrate compliance with approved budget appropriation. Also included is the Schedule of Funding Progress related to the Health District's Other Post Employment Benefits (OPEB) liability.

Required supplementary information and notes can be found on pages 49-51 of this report.

The Individual Fund statements and schedules provide information for the other Governmental Funds and are presented immediately following the required supplementary information.

The Individual Fund statements and schedules can be found on page 52-55 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets serves as a useful indicator of SNHD's financial position. Assets exceeded liabilities by \$46,032,950 as of June 30, 2011. For comparative purposes, the following table illustrates the net assets for the fiscal year ended June 2011 and the net assets for the prior year ended June 2010.

SNHD's Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 50,814,949	\$ 50,445,782	\$ 5,498,629	\$ 3,303,133	\$ 56,313,578	\$ 53,748,915
Capital Assets	9,816,149	9,769,370	966,051	1,135,113	10,782,200	10,904,483
Total Assets	60,631,098	60,215,152	6,464,680	4,438,246	67,095,778	64,653,398
Long-term liabilities	13,900,317	10,861,161	411,600	202,960	14,311,917	11,064,121
Other liabilities	6,612,212	5,023,114	138,699	91,956	6,750,911	5,115,070
Total Liabilities	20,512,529	15,884,275	550,299	294,916	21,062,828	16,179,191
Net Assets						
Invested in capital assets	9,816,149	9,769,370	966,051	1,135,113	10,782,200	10,904,483
Restricted	101,653	100,994			101,653	100,994
Unrestricted	30,200,767	34,460,513	4,948,330	3,008,217	35,149,097	37,468,730
Total net assets	\$ 40,118,569	\$ 44,330,877	\$ 5,914,381	\$ 4,143,330	\$ 46,032,950	\$ 48,474,207

Governmental Unrestricted Net Assets represent 75.3% of the Total Net Assets of governmental activities and are available to meet the SNHD's ongoing obligations to citizens and creditors. Another 24.5% of the Governmental Net Assets reflect investment in Capital Assets (e.g., land, buildings, machinery and equipment), less any related debt to acquire those assets that is still outstanding. SNHD uses capital assets to provide services to the citizens; consequently, these assets are *not* available for future spending. The remaining 0.2% is related to Restricted Assets for Workmen's Compensation Insurance deposit with the State of Nevada. It should be noted that SNHD does not have outstanding debt related to the acquisition of capital assets at this time. Should SNHD have capital acquisition-related debt, the resources needed to repay this debt would be provided from other sources since the capital assets cannot be liquidated to pay for this kind of liability.

Business-type Unrestricted Net Assets represent 83.7% of the Total Net Assets for business-type activities. The investment in capital assets for business-type activities represents 16.3% of the total net assets for business-type activities. SNHD uses these capital assets to provide services to the citizens; consequently, these assets are *not* available for future spending.

The Combined Net Assets of both governmental and business-type activities decreased by \$2,441,257 in FY 2011 when compared to the prior year.

SNHD's Change in Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 29,183,070	\$ 31,128,920			\$ 29,183,070	\$ 31,128,920
Operating grants and contributions	27,731,291	25,481,110	\$ 1,415,460	\$ 1,368,633	29,146,751	26,849,743
General revenues:						
Property Tax Allocation	21,406,846	24,942,525			21,406,846	24,942,525
General receipts	25,871	12,423			25,871	12,423
Unrestricted Investment earnings	961,355	958,966	72,870	49,662	1,034,225	1,008,628
Total Revenues	79,308,433	82,523,944	1,488,330	1,418,295	80,796,763	83,942,239
Expenses:						
Nursing and Clinical Services:						
Communicable diseases	7,907,690	7,619,766			7,907,690	7,619,766
General nursing administration	2,622,911	2,590,645			2,622,911	2,590,645
Immunizations	10,259,728	11,454,155			10,259,728	11,454,155
Women's health	2,255,969	1,609,964			2,255,969	1,609,964
Children's health	2,431,534	2,297,208			2,431,534	2,297,208
Total Nursing	25,477,832	25,571,738	-	-	25,477,832	25,571,738
Environmental Health:						
Environmental health and sanitation	12,767,225	12,251,212			12,767,225	12,251,212
Waste management	2,479,313	2,228,821			2,479,313	2,228,821
Other environmental health programs	599,153	463,513			599,153	463,513
Total Environmental Health	15,845,691	14,943,546	-	-	15,845,691	14,943,546
Community Health:						
Administration	677,353	277,793			677,353	277,793
Health education	9,779,637	2,523,480			9,779,637	2,523,480
Epidemiology	1,322,758	1,120,337			1,322,758	1,120,337
Public health response for bioterrorism	4,782,010	8,859,153			4,782,010	8,859,153
Emergency medical services	703,006	711,375			703,006	711,375
Total Community Health Services	17,264,764	13,492,138	-	-	17,264,764	13,492,138
Administration:						
General administration	13,879,437	14,873,041			13,879,437	14,873,041
Health cards	6,549,863	4,721,436			6,549,863	4,721,436
Disaster recovery	315,106	168,549			315,106	168,549
Vital records	1,537,187	1,438,658			1,537,187	1,438,658
Total Administration	22,281,593	21,201,684	-	-	22,281,593	21,201,684
Southern Nevada Public Health Laboratory	-	-	2,368,140	2,369,892	2,368,140	2,369,892
Total Expenses before transfers	80,869,880	75,209,106	2,368,140	2,369,892	83,238,020	77,578,998
Excess(deficiency) before transfers	(1,561,447)	7,314,838	(879,810)	(951,597)	(2,441,257)	6,363,241
Transfers	(2,650,861)	(1,516,204)	2,650,861	1,516,204	-	-
Change in Net assets	(4,212,308)	5,798,634	1,771,051	564,607	(2,441,257)	6,363,241
Prior period adjustment		456,344		2,190	-	458,534
Net Assets-beginning of year	44,330,877	38,075,899	4,143,330	3,576,533	48,474,207	41,652,432
Net Assets-end of year	\$ 40,118,569	\$ 44,330,877	\$ 5,914,381	\$ 4,143,330	\$ 46,032,950	\$ 48,474,207

Expenses and Program Revenues – Governmental Activities

Figure 1

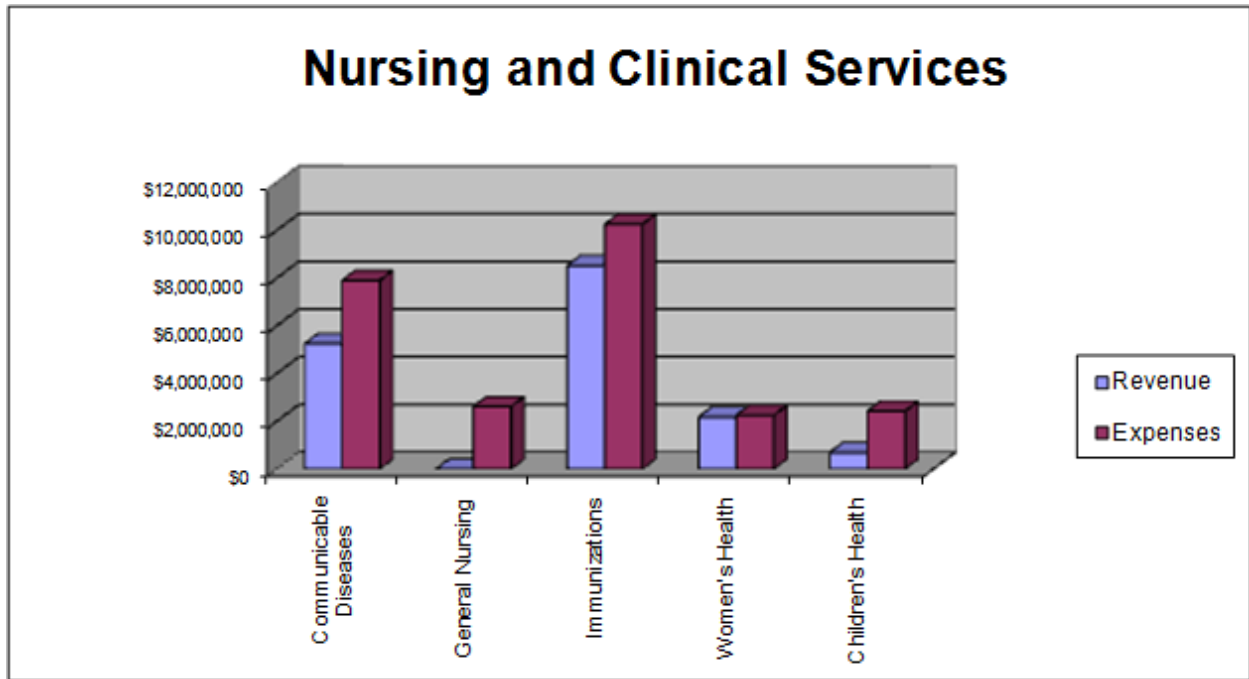


Figure 2

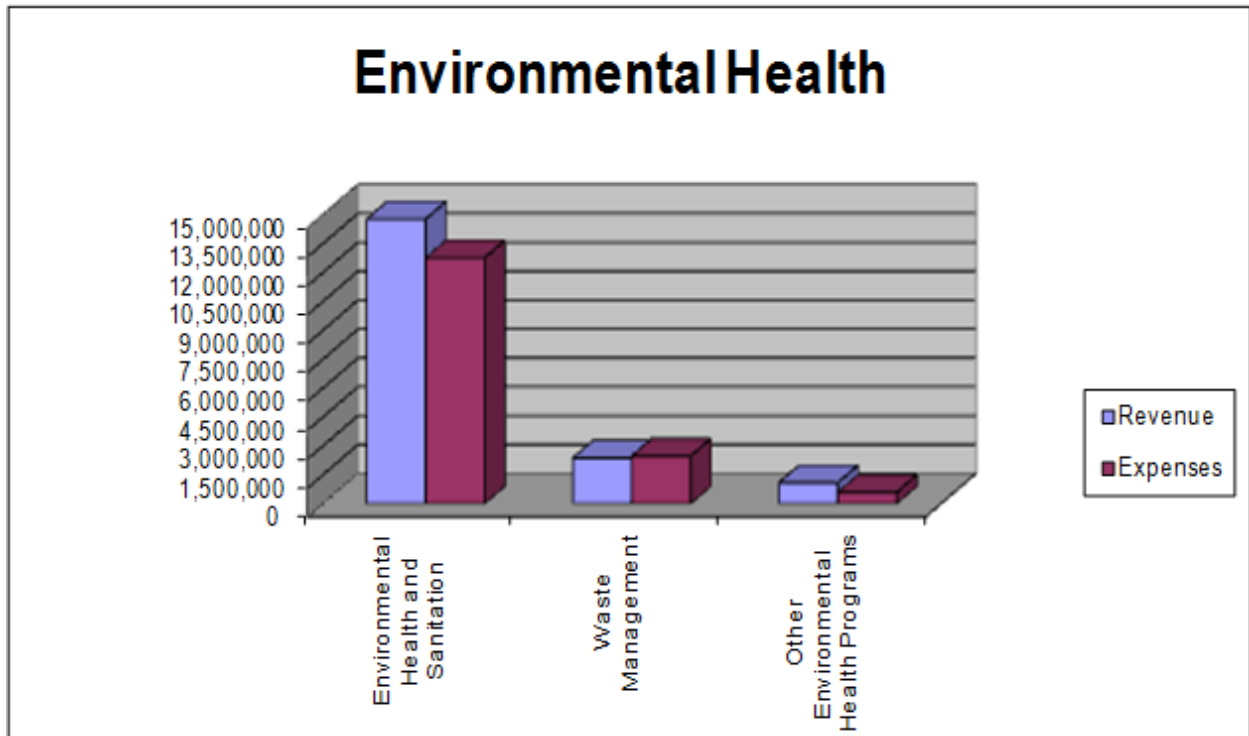


Figure 3

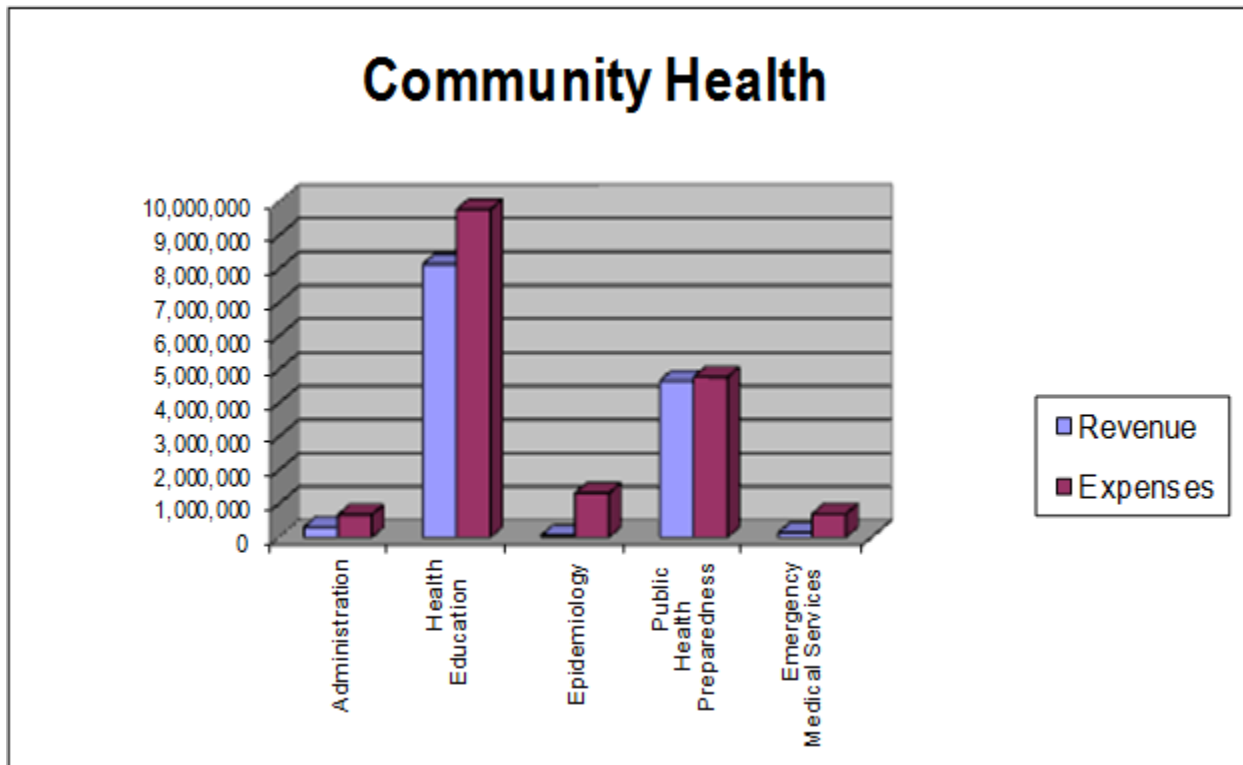
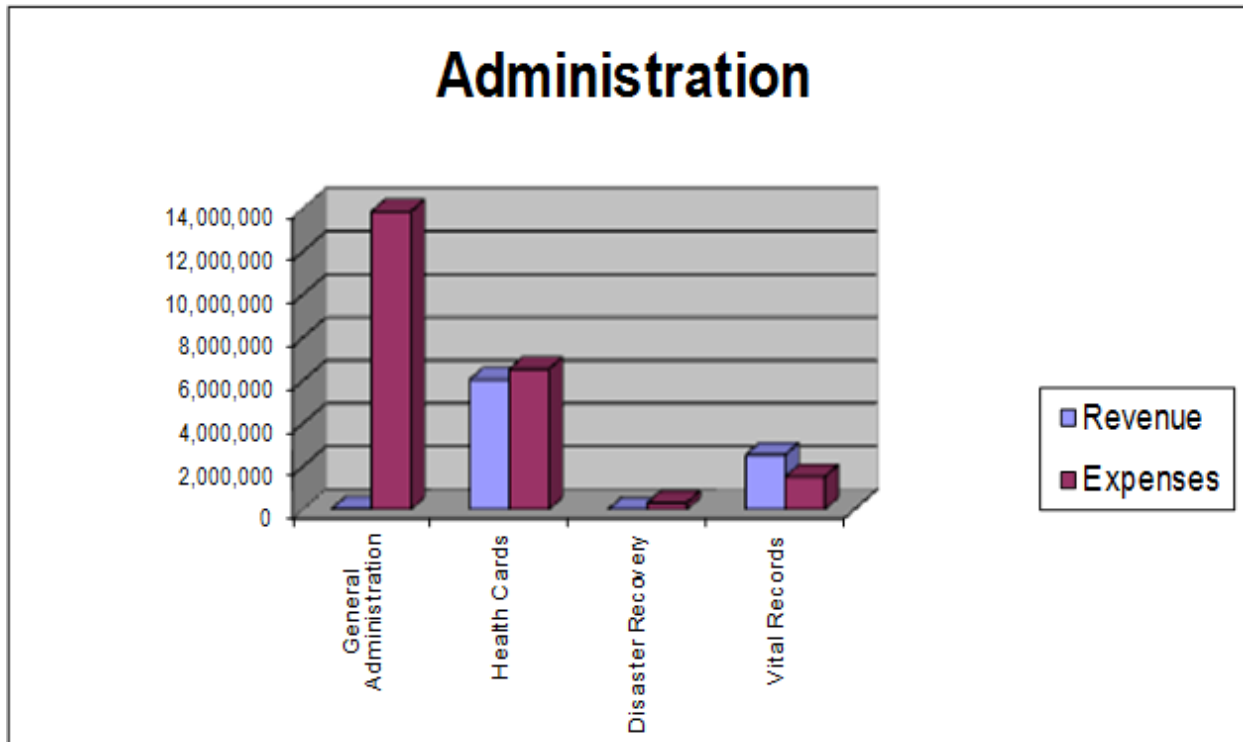
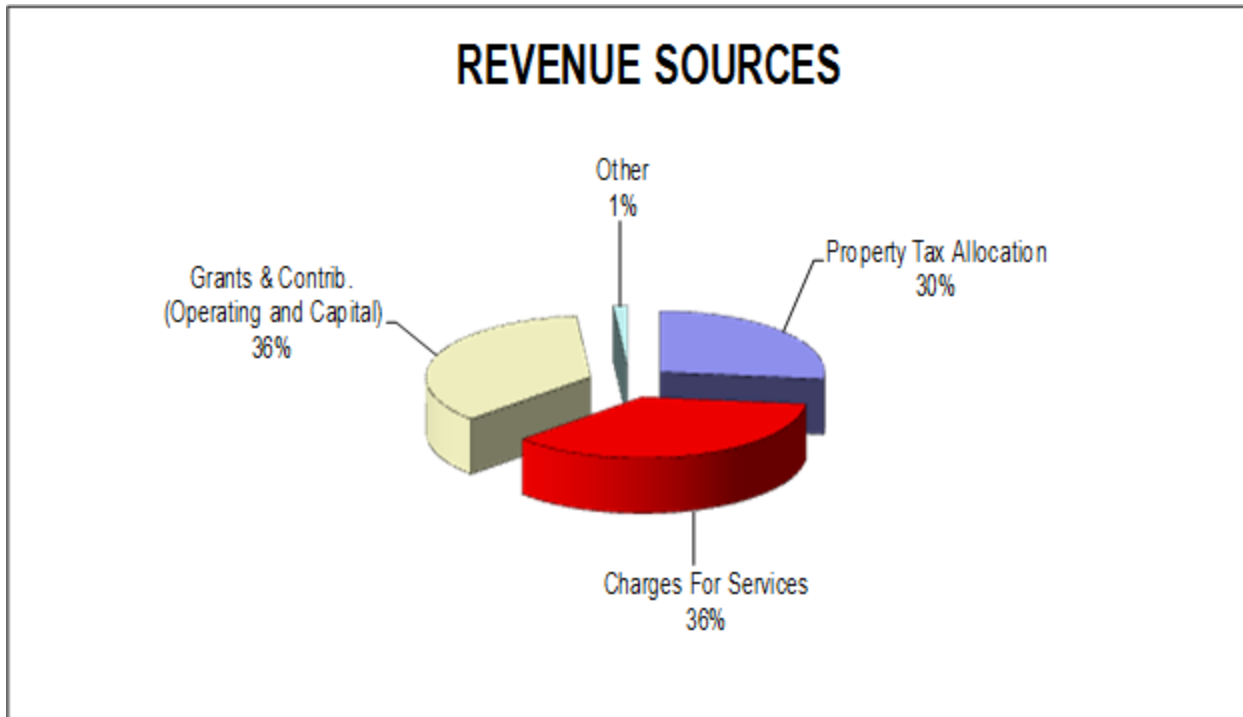


Figure 4



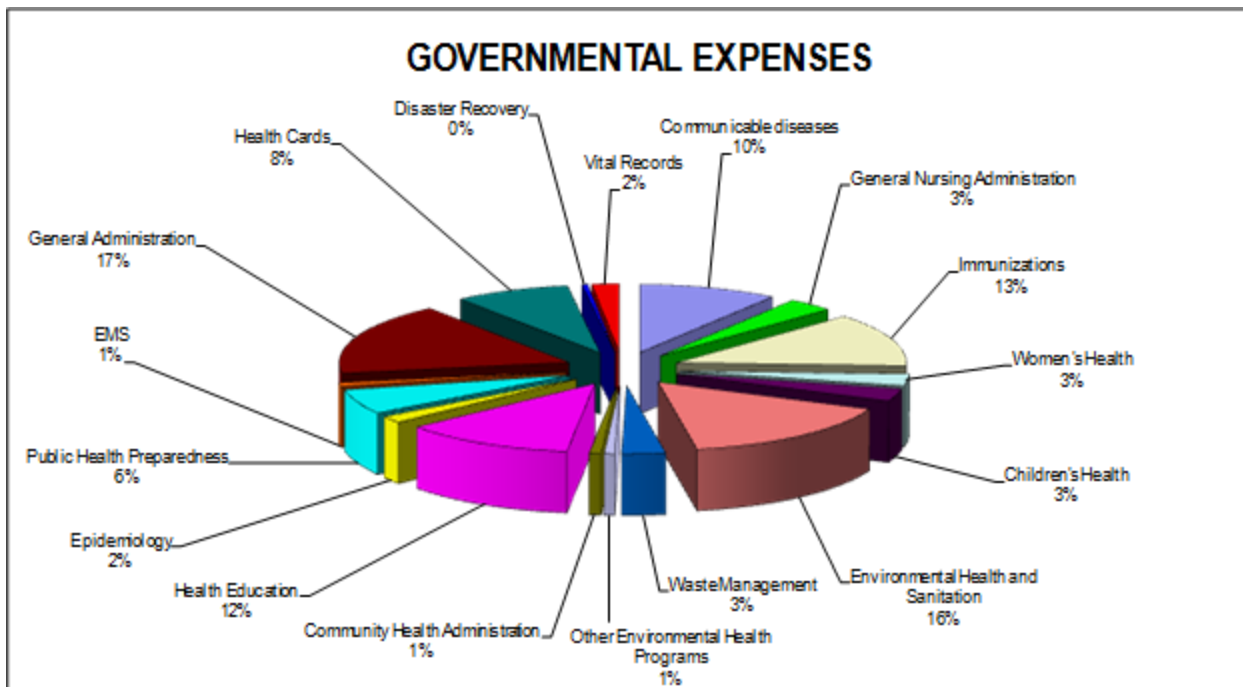
Revenues by Source – Governmental Activities

Figure 5



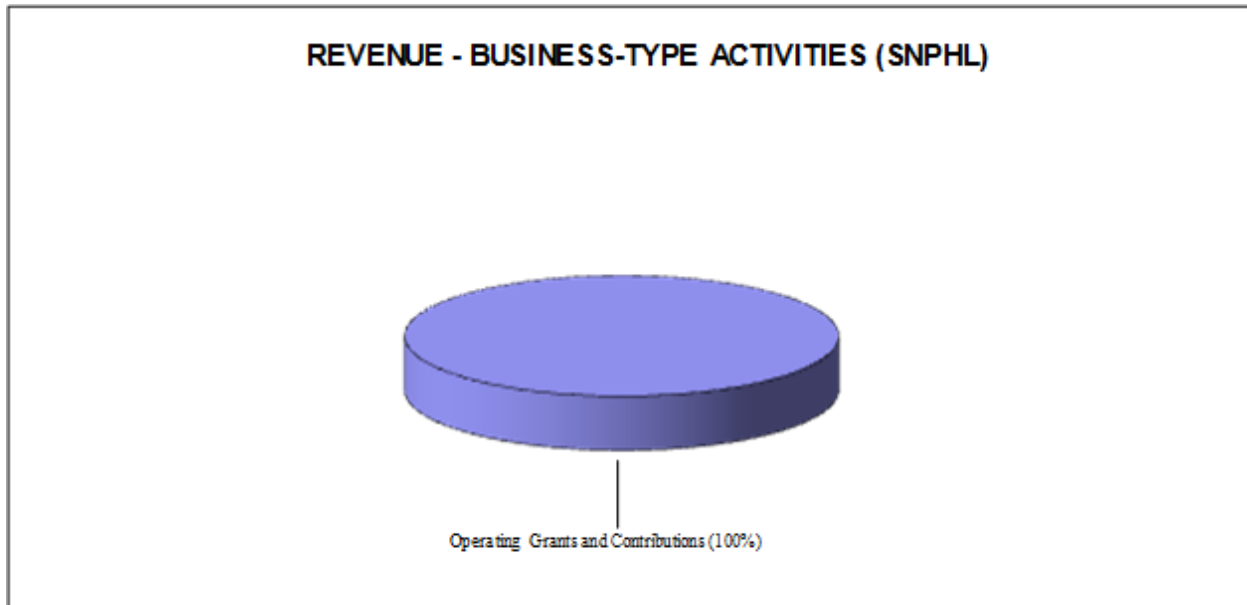
Expenses by Type – Governmental Activities

Figure 6



Revenues by Source – Business Type Activities

Figure 7



FINANCIAL ANALYSIS OF FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The general government functions are recorded in the General and Capital Projects Funds. The focus of the *Governmental Funds* is to provide information on near-term inflows, outflows, and balances of *expendable* resources. Such information is useful in assessing SNHD's financing requirements. In particular, *Unassigned Fund Balance* may serve as a useful measure of the net resources available for spending at the end of the fiscal year.

As of June 30, 2011, the Governmental Funds reported combined ending fund balances of \$43,600,887, a decrease of 3.1% or \$1,406,732 in comparison with the prior year. Of this fund balance, 62.7% or \$27,327,045 constitutes *Unassigned Fund Balance*, which is available to meet the current and future needs of SNHD. Funds from the Unassigned Fund Balance will be used for necessary capital expenditures in the subsequent fiscal year and serve as a resource for a pandemic outbreak or disaster relief efforts. The Nonspendable Fund Balance is not available for new spending because the funds arise from inventory and prepaid items. Included in the Committed to Capital Improvements fund balance is the establishment of the Bond Reserve Fund of \$10,627,219. The Bond Reserve Fund was approved by the Board of Health on March 27, 2008 so that the District will be able to pay bonded debt in the event that the County issues bonds on behalf of SNHD in order to fund a new facility replacement for the main campus on 625 Shadow Lane. On December 16, 2010, the Board of Health amended the original purpose of the Bond Reserve Fund to allow the Board of Health to utilize the resources of the debt service fund for any identifiable projects at the discretion of the Board that benefit the public health of Clark County. The Capital Projects Fund has \$4,445,423 assigned for future capital improvements.

The General Fund is the major operating fund of the Southern Nevada Health district. As of June 30, 2011, the Unassigned Fund balance of the General Fund was \$27,327,045 while the

Total Fund balance reached \$28,332,469. As a measure of the General Fund's liquidity, it may be useful to compare both Unassigned Fund balance and Total Fund balance to Total Fund expenditures. Unassigned Fund balance represents 38% of Total Fund expenditures, while Total Fund balance represents 40% of that same amount.

REVENUE:

The following provides an explanation of changes in revenues by source from the current to prior year:

**Revenues Classified by Source
General Fund**

	2011		2010		Increase(Decrease)	
	Amount	%	Amount	%	Amount	%
<u>Revenue by Source</u>	<u>Amount</u>	<u>of Total</u>	<u>Amount</u>	<u>of Total</u>	<u>Amount</u>	<u>of Change</u>
Charges for Services	\$ 31,415,935	42.40%	\$ 32,537,153	43.08%	\$ (1,121,218)	-3.45%
Intergovernmental revenues	20,548,488	27.73%	17,286,559	22.89%	3,261,929	18.87%
Contributions and donations	13,777	0.02%	12,556	0.02%	1,221	9.72%
General Receipts	704,968	0.95%	750,294	0.99%	(45,326)	-6.04%
Property Tax Allocation	21,406,846	28.89%	24,942,525	33.02%	(3,535,679)	-14.18%
Total	\$ 74,090,014	100.00%	\$ 75,529,087	100.00%	\$ (1,439,073)	-1.91%

Charges for services decreased by \$1,121,218 or 3.45%. The result of the decrease was mainly due to decrease in Regulatory Revenues such as health cards, plan review, and pool review. Other contributing factors were decreases in revenue from flu and other immunization services.

Intergovernmental revenue increased by \$3,261,929 or 18.87%. This increase was mainly due to Direct Federal Grants such as Communities Putting Prevention to Work (CPPW) Tobacco, CPPW Obesity, Teen Pregnancy Prevention, and an increase in Family Planning Title X program. CPPW Tobacco revenue was \$6,887,551. This amount was offset by the \$5,167,417 loss in funding for H1N1 that was received in FY10.

Contributions and donations increased by \$1,221 or 9.72%. The increase came from the receipt of a Drowning Prevention donation.

General receipts decreased by \$45,326 or 6.04% due primarily to lower interest earnings.

Property Tax Allocations decreased by \$3,535,679 or 14.18%. This resulted from the decrease in the share on property taxes caused by the devaluation of property values as a result of recent economic downturn and housing market challenges.

Pursuant to NRS 439.365, the board of county commissioners shall annually allocate for the support of the Southern Nevada Health District an amount that does not exceed an amount calculated by multiplying the assessed valuation of all taxable property in the county by the rate of 3.5 cents on each \$100 of assessed valuation.

EXPENDITURES:

The following provides an explanation of the changes in expenditures by function from the current to the prior year:

Expenditures by Function General Fund

	2011		2010		Increase(Decrease)	
	Amount	%	Amount	%	Amount	%
<u>Expenditures by Function</u>	<u>Amount</u>	<u>of Total</u>	<u>Amount</u>	<u>of Total</u>	<u>Amount</u>	<u>of Change</u>
Nursing and Clinical Services	\$ 19,527,890	27.33%	\$ 20,003,301	31.06%	\$ (475,411)	-2.38%
Environmental Health	14,901,773	20.86%	14,875,882	23.10%	25,891	0.17%
Community Health	16,786,519	23.49%	12,339,907	19.16%	4,446,612	36.03%
Administration	20,231,784	28.32%	17,174,676	26.67%	3,057,108	17.80%
Total	\$ 71,447,966	100.00%	\$ 64,393,766	100.00%	\$ 7,054,200	10.95%

Nursing and Clinical Services expenditures decreased by \$475,411 or 2.38%. The decrease was primarily due to the correction on the grouping of expenditures from other divisions improperly grouped with Nursing during fiscal year 2010.

Environmental Health expenditures increased by \$25,891 or 0.17%. This increase is the result of correcting expenditures inadvertently grouped with Nursing during fiscal year 2010.

The increase in expenditures of \$4,446,612 or 36.03% in Community Health is the net result of the increase in expenses brought about by the new grants received from CPPW - Tobacco and CPPW – Obesity, the decrease in the ASPR HPP grant, and expiration of grants from Healthy Nevada Tobacco and H1N1.

Administration expenditures increased by \$3,057,108 or 17.80%. This increase is a result of the \$333,197 contribution to establish the Retiree Health Insurance fund. In addition, personnel, software, and hardware costs increased in the Administration division due to the loss of the H1N1 grant funding where these expenses were charged in FY 2010.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues for fiscal year 2011 are \$1,288,047 more than budgeted. This is primarily due to an increase in Intergovernmental revenue. The most significant increase is due to new grants from Teen Pregnancy Prevention and CPPW - Obesity.

Expenditures are less than budgetary estimates by \$1,637,379 due to a combination of salary savings and reductions in services and supplies.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: SNHD's investment in capital assets for its governmental activities as of June 30, 2011 amounted to \$9,816,149 (net of accumulated depreciation). The investment in business-type activities amounted to \$966,051. This investment in capital assets includes land, buildings and improvements, vehicles and equipment. Total capital assets were \$10,782,200 which represents a net decrease in the District's investment in capital assets for the current period of \$122,284 or 1.1% of prior year net capital assets.

District's Capital Assets, net

Governmental activities:	June 30, 2010	Increases	Decreases	June 30, 2011
Capital assets, not being depreciated:				
Land	\$ 2,059,765			\$ 2,059,765
Total Capital assets not being depreciated	2,059,765	-	-	2,059,765
Capital assets, being depreciated:				
Buildings	4,697,564			4,697,564
Improvements other than buildings	9,059,276	\$ 50,702		9,109,978
Furniture, fixtures and equipment	9,014,237	1,312,546	\$ (217,101.0)	10,109,682
Vehicles	704,627		(19,977)	684,650
Total capital assets being depreciated	23,475,704	1,363,248	(237,078)	24,601,874
Less: accumulated depreciation for:				
Buildings	(1,792,620)	(93,951)		(1,886,571)
Improvements other than buildings	(7,318,841)	(408,737)		(7,727,578)
Furniture, fixtures and equipment	(6,123,435)	(702,361)	214,037	(6,611,759)
Vehicles	(531,202)	(88,381)		(619,583)
Total accumulated depreciation	(15,766,098)	(1,293,429)	214,037	(16,845,490)
Total capital assets being depreciated, net	7,709,606			7,756,384
Governmental activities capital assets, net	\$ 9,769,371	\$ 69,819	\$ (23,041)	\$ 9,816,149
Business-type activities:				
Capital assets, being depreciated:				
Improvements other than buildings	\$ 92,768	\$ 3,473		\$ 96,241
Furniture, fixtures and equipment	2,194,224	3,012		2,197,236
Vehicles		17,990		17,990
Total capital assets being depreciated	2,286,992	24,475	-	2,311,467
Less: accumulated depreciation for:				
Improvements other than buildings	(30,668)	(6,908)		(37,576)
Furniture, fixtures and equipment	(1,121,211)	(184,380)		(1,305,591)
Vehicles		(2,249)		(2,249)
Total accumulated depreciation	(1,151,879)	(193,537)	-	(1,345,416)
Business-type activities capital assets, net	\$ 1,135,113	\$ (169,062)	\$ -	\$ 966,051

Some of the larger capital asset transactions for fiscal year ended June 30, 2011 as explained in the following statements, included building remodeling costs, computer software, computer hardware, and Environmental Health equipment costs as explained in the following statements:

- Remodeling costs of \$17,099 including costs for remodeling Shadow Lane Compound for the relocated tuberculosis clinic.
- Information Technology (IT) incurred major capital costs for Envision Connect Software (\$760,064) and for Environmental Health and Computer Equipment (\$399,547).
- Community Health purchased Proofpoint Messaging Security Gateway Software (\$50,065) and a Freezer (\$13,854).
- Nursing and Clinical Services purchased a Refrigerator/Freezer for the Mesquite location (\$12,033).
- The Southern Nevada Public Health Laboratory (SNPHL) purchased a vehicle (\$17,990).

Additional information on the District's capital assets can be found in Note 5 beginning on page 35 of this report.

Proprietary Funds:

a) Southern Nevada Public Health Laboratory (SNPHL):

The Board of Health approved the petition to establish the proprietary fund for the operation of the Southern Nevada Public Health Laboratory (SNPHL) in March 2004. The SNPHL began its operations as a separate fund in July 2004. It was anticipated that the SNPHL would be providing various testing and analytical services for the District, other governmental entities and private providers; therefore, the District would be able to apply fees toward expenses necessary to operate the SNPHL.

SNPHL has now been fully certified as a biosafety level 3 facility which provides for the rapid characterization of suspected biopathogens and also enhances the traditional epidemiological and disease control functions of the District. The Board of Health approved a new fee schedule for the SNPHL as of June 23, 2005. No additional fees have been approved at this time.

Currently, SNPHL continues to be funded by the Public Health Preparedness grant along with supplemental funding from the General Fund of the Health District.

Unrestricted revenues collected for SNPHL in the General Fund are being transferred to the Proprietary Fund. Likewise, interfund transfers are also being made from the Proprietary Fund to the General Fund to reimburse payments for expenditures which were paid on behalf of SNPHL.

b) Insurance Liability Reserve Fund:

As of July 1, 2005, SNHD maintains an Internal Service Fund to account for self-insured workers compensation claims. SNHD's self-insured workers compensation program was approved by the Division of Insurance of the State of Nevada on May 12, 2005; by the Board of Health on May 26, 2005 and then became effective on July 1, 2005.

Long-term Debt:

As of June 30, 2011, the District has no outstanding debt.

Economic Factors and Next Year's Budget and Rates

The District has strengthened its financial status by cost cutting measures such as workers compensation self-insurance, voluntary furlough program, initiating SNHD-wide personnel justification program of filling only essential vacant positions, and on-going evaluation of expenses where savings can be generated, e.g., travel. Although created as an independent governmental entity pursuant to Nevada Revised Statute (NRS) 439.361, SNHD has no taxing authority and must rely on revenues from fees and other governmental sources in order to operate. Funding for all capital improvements must be derived from operating revenue unless capital grant funds are awarded.

Currently SNHD is faced with the following major budgetary issues:

- the need to obtain financing for a new main building to replace the Shadow Lane facility,
- the continued influx of disproportionate demand for public health services due to poor economic conditions,
- the need to maintain a reserve to respond effectively to a possible pandemic outbreak and other public health emergencies,
- the cutback on Federal funding,
- the reduction on state funding,
- the decrease in County funding due to the decline in property values, and
- the outcome of litigation with the County regarding the interpretation of NRS 439.365.

Most significant to SNHD's operations has been the growth of the Las Vegas metropolitan area which has rendered the main building antiquated and too small to house the necessary additional staff and services. As a result, the District has contracted for additional office spaces since the beginning of fiscal year 2007.

Support from Clark County has decreased due to the decline in property values. There has been a marked decrease in Funding from the State of Nevada; the CPPW-Tobacco grant will expire in March 2012, and the grant from CPPW-Obesity will terminate in September 2012.

On the expenditure side, SNHD is confronted with inflationary factors affecting the cost of equipment, supplies, and other services. In addition, salary and benefit costs will be higher due to:

- The Collective Bargaining Agreement (CBA) which expired on 6/30/2011. SNHD is currently in contract negotiation.
- Increased group insurance costs stemming from the implementation of the new Health Care Reform

SNHD will continue to pursue not only proportional allocation of Federal pass-through dollars through the State but also direct funding from the Federal government. Clark County has 72% of Nevada's population and is 4.7 times the population of Washoe County. The additional Federal support will enable SNHD to better address the needs of residents requiring services.

At present, SNHD has the financial resources and capacity to maintain current service levels in the current atmosphere; however, there is anticipation that the next and future fiscal periods would be the most challenging times in SNHD financial landscape due to the need for a new main building and loss of property tax revenue. SNHD will continue to work with staff to develop and update the business plan for the 2011-2013 periods.

The Unassigned Fund balance of the General Fund is \$27,327,045 as of June 30, 2011. A significant portion of this amount will be required to address these overarching budgetary challenges.

Request for Information

This Comprehensive Annual Financial Report (CAFR) is designed to provide a general overview to all parties who are interested in the Southern Nevada Health District's finances and its accountability for all the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Southern Nevada Health District
Attention: Director of Administration
625 Shadow Lane,
P.O. Box 3902
Las Vegas, Nevada, 89127

This entire report is available online at: <http://www.southernnevadahealthdistrict.org/>.

SOUTHERN NEVADA HEALTH DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and equivalents	\$ 46,818,671	\$ 5,398,499	\$ 52,217,170
Grants receivable	3,270,907	-	3,270,907
Accounts receivable	46,223	-	46,223
Contracts receivable	46,854	-	46,854
Inventory	295,230	-	295,230
Prepaid other post-employment benefits	34,236	-	34,236
Other prepaid items	302,828	100,130	402,958
Capital assets, net			
Nondepreciable	2,059,765	-	2,059,765
Depreciable	7,756,384	966,051	8,722,435
Total assets	<u>60,631,098</u>	<u>6,464,680</u>	<u>67,095,778</u>
LIABILITIES			
Accounts payable	2,391,080	24,505	2,415,585
Grants payable	418,048	-	418,048
Accrued expenses	2,945,962	102,060	3,048,022
Liability for self-insured workers compensation claims	297,855	-	297,855
Unearned revenue	559,267	12,134	571,401
Long-term liabilities			
Portion due or payable within one year:			
Compensated absences	4,187,653	145,616	4,333,269
Portion due or payable after one year:			
Compensated absences	3,032,438	71,721	3,104,159
Other post-employment benefits	6,680,226	194,263	6,874,489
Total liabilities	<u>20,512,529</u>	<u>550,299</u>	<u>21,062,828</u>
NET ASSETS			
Invested in capital assets	9,816,149	966,051	10,782,200
Restricted for:			
Self-insurance	101,653	-	101,653
Unrestricted	<u>30,200,767</u>	<u>4,948,330</u>	<u>35,149,097</u>
Total net assets	<u>\$ 40,118,569</u>	<u>\$ 5,914,381</u>	<u>\$ 46,032,950</u>

The accompanying notes are an integral part of these financial statements

**SOUTHERN NEVADA HEALTH DISTRICT
STATEMENT OF ACTIVITIES
JUNE 30, 2011**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants, Interest, and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:						
Public Health Function						
Nursing:						
Communicable diseases	\$ 7,907,690	\$ 450,102	\$ 4,803,219	\$ (2,654,369)	\$ -	\$ (2,654,369)
General nursing administration	2,622,911	1,975	-	(2,620,936)	-	(2,620,936)
Immunizations	10,259,728	2,542,668	5,986,945	(1,730,115)	-	(1,730,115)
Women's health	2,255,969	337,062	1,847,222	(71,685)	-	(71,685)
Children's health	2,431,534	317,577	381,766	(1,732,191)	-	(1,732,191)
Total nursing	<u>25,477,832</u>	<u>3,649,384</u>	<u>13,019,152</u>	<u>(8,809,296)</u>	<u>-</u>	<u>(8,809,296)</u>
Environmental health:						
Environmental health and sanitation	12,767,225	14,642,351	140,855	2,015,981	-	2,015,981
Waste management	2,479,313	1,761,819	616,094	(101,400)	-	(101,400)
Other environmental health programs	599,153	417,613	678,044	496,504	-	496,504
Total environmental health	<u>15,845,691</u>	<u>16,821,783</u>	<u>1,434,993</u>	<u>2,411,085</u>	<u>-</u>	<u>2,411,085</u>
Community health services:						
Administration	677,353	-	309,864	(367,489)	-	(367,489)
Health education	9,779,637	-	8,144,166	(1,635,471)	-	(1,635,471)
Epidemiology	1,322,758	450	57,015	(1,265,293)	-	(1,265,293)
Public health preparedness	4,782,010	-	4,668,939	(113,071)	-	(113,071)
Emergency medical services	703,006	93,127	47,999	(561,880)	-	(561,880)
Total community health services	<u>17,264,764</u>	<u>93,577</u>	<u>13,227,983</u>	<u>(3,943,204)</u>	<u>-</u>	<u>(3,943,204)</u>
Administration, operations and maintenance:						
General administration	13,879,437	-	49,163	(13,830,274)	-	(13,830,274)
Health cards	6,549,863	6,063,387	-	(486,476)	-	(486,476)
Disaster recovery	315,106	-	-	(315,106)	-	(315,106)
Vital records	1,537,187	2,554,939	-	1,017,752	-	1,017,752
Total administration, operations and maintenance	<u>22,281,593</u>	<u>8,618,326</u>	<u>49,163</u>	<u>(13,614,104)</u>	<u>-</u>	<u>(13,614,104)</u>
Total governmental activities	<u>80,869,880</u>	<u>29,183,070</u>	<u>27,731,291</u>	<u>(23,955,519)</u>	<u>-</u>	<u>(23,955,519)</u>

(continued)

The accompanying notes are an integral part of these financial statements

**SOUTHERN NEVADA HEALTH DISTRICT
STATEMENT OF ACTIVITIES (CONTINUED)
JUNE 30, 2011**

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Interest, and Contributions	Governmental Activities	Business- Type Activities	Total
FUNCTIONS/PROGRAMS						
Business-type Activities						
Southern Nevada Public Health Laboratory	2,368,140	-	1,415,460	-	(952,680)	(952,680)
Total business-type activities	2,368,140	-	1,415,460	-	(952,680)	(952,680)
Total Functions / Programs	<u>\$ 83,238,020</u>	<u>\$ 29,183,070</u>	<u>\$ 29,146,751</u>	(23,955,519)	(952,680)	(24,908,199)
General Revenues						
Property tax allocation not restricted to specific purposes				21,406,846	-	21,406,846
Unrestricted investment earnings				961,355	72,870	1,034,225
General receipts				25,871	-	25,871
Transfers				(2,650,861)	2,650,861	-
Total general revenues and transfers				19,743,211	2,723,731	22,466,942
Change in Net Assets				(4,212,308)	1,771,051	(2,441,257)
NET ASSETS, BEGINNING OF YEAR				44,330,877	4,143,330	48,474,207
NET ASSETS, END OF YEAR				<u>\$ 40,118,569</u>	<u>\$ 5,914,381</u>	<u>\$ 46,032,950</u>

The accompanying notes are an integral part of these financial statements

**SOUTHERN NEVADA HEALTH DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2011**

	General Fund	Bond Reserve Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and equivalents	\$ 30,330,500	\$ 10,627,219	\$ 4,995,483	\$ 45,953,202
Grants receivable	3,270,907	-	-	3,270,907
Accounts receivable	46,223	-	-	46,223
Contracts receivable	46,854	-	-	46,854
Inventory	295,230	-	-	295,230
Prepaid items	302,828	-	-	302,828
Total assets	\$ 34,292,542	\$ 10,627,219	\$ 4,995,483	\$ 49,915,244
LIABILITIES				
Accounts payable	\$ 2,036,796	\$ -	\$ 354,284	\$ 2,391,080
Grants payable	418,048	-	-	418,048
Accrued expenditures	2,945,962	-	-	2,945,962
Unearned revenue	559,267	-	-	559,267
Total liabilities	5,960,073	-	354,284	6,314,357
FUND BALANCES				
Nonspendable:				
Inventory	295,230	-	-	295,230
Prepaid items	302,828	-	-	302,828
Committed to facility acquisition	-	10,627,219	-	10,627,219
Assigned to:				
Capital improvements	-	-	4,445,423	4,445,423
Other purposes	407,366	-	195,776	603,142
Unassigned	27,327,045	-	-	27,327,045
Total fund balances	28,332,469	10,627,219	4,641,199	43,600,887
TOTAL LIABILITIES AND FUND BALANCES	\$ 34,292,542	\$ 10,627,219	\$ 4,995,483	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	9,816,149
An internal service fund is used by management to charge costs of activities related to the self-insured workers compensation claims. The related assets and liabilities are included in the statement of net assets	567,614
Compensated absences and other post-employment benefits payable are not due and payable in the current period and, therefore, are not reported in the funds	(13,866,081)
Total net assets - governmental activities	\$ 40,118,569

The accompanying notes are an integral part of these financial statements

**SOUTHERN NEVADA HEALTH DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011**

	General Fund	Bond Reserve Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Charges for services				
Title XIX Medicaid	\$ 547,452	\$ -	\$ -	\$ 547,452
General services	5,581,494	-	-	5,581,494
Regulatory services	22,978,296	-	-	22,978,296
Program contract services	2,308,693	-	-	2,308,693
Intergovernmental revenues				
State funding	979,488	-	-	979,488
Indirect federal grants	9,463,763	-	-	9,463,763
Direct federal grants	10,105,237	-	-	10,105,237
Contributions and donations	13,777	-	-	13,777
Property tax allocation	21,406,846	-	-	21,406,846
General receipts				
Interest earnings	683,871	194,681	70,649	949,201
Other receipts	21,097	-	-	21,097
Total revenues	<u>74,090,014</u>	<u>194,681</u>	<u>70,649</u>	<u>74,355,344</u>
EXPENDITURES				
Current:				
Nursing	19,527,890	-	-	19,527,890
Environmental health	14,901,773	-	-	14,901,773
Community health services	16,786,519	-	-	16,786,519
Administration, operations and maintenance	20,231,785	-	-	20,231,785
Capital outlay	<u>-</u>	<u>-</u>	<u>1,363,248</u>	<u>1,363,248</u>
Total expenditures	<u>71,447,967</u>	<u>-</u>	<u>1,363,248</u>	<u>72,811,215</u>
Excess (deficiency) of revenues over over (under) expenditures	<u>2,642,047</u>	<u>194,681</u>	<u>(1,292,599)</u>	<u>1,544,129</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,524,493	2,243,864	3,768,357
Transfers out	<u>(6,719,218)</u>	<u>-</u>	<u>-</u>	<u>(6,719,218)</u>
Total other financing sources (uses)	<u>(6,719,218)</u>	<u>1,524,493</u>	<u>2,243,864</u>	<u>(2,950,861)</u>
NET CHANGE IN FUND BALANCES	(4,077,171)	1,719,174	951,265	(1,406,732)
FUND BALANCES, BEGINNING OF YEAR	<u>32,409,640</u>	<u>8,908,045</u>	<u>3,689,934</u>	<u>45,007,619</u>
FUND BALANCES, END OF YEAR	<u>\$ 28,332,469</u>	<u>\$ 10,627,219</u>	<u>\$ 4,641,199</u>	<u>\$ 43,600,887</u>

The accompanying notes are an integral part of these financial statements

**SOUTHERN NEVADA HEALTH DISTRICT
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (1,406,732)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 1,363,248	
Depreciation expense	<u>(1,314,615)</u>	48,633

Gains and losses from the sale or disposition of capital assets are not reported in the funds because they do not provide or use current financial resources; however, they are presented in the statement of activities. (1,854)

An internal service fund is used by management to charge costs of activities related to the self-insured workers compensation claims. The net revenues (expenses) are included in the statement of activities. 304,244

State granted vaccines received by the District are recorded as Operating Grant and Contribution revenues and the related expense with Immunization in the statement of activities as a non-cash transaction.

Operating grant contribution revenue	4,942,065	
Immunizations expense	<u>(4,942,065)</u>	-

Expenses for compensated absences and other post employment benefits payable reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (3,156,597)

CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES \$ (4,212,306)

**SOUTHERN NEVADA HEALTH DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2011**

	Southern Nevada Public Health Laboratory	Governmental Activities - Internal Service Fund
ASSETS		
CURRENT ASSETS		
Cash and equivalents	\$ 5,398,499	\$ 763,816
Prepaid expenses	100,130	-
Total current assets	<u>5,498,629</u>	<u>763,816</u>
NONCURRENT ASSETS		
Restricted cash - certificate of deposit for self insurance	-	101,653
Improvements other than buildings	96,241	-
Furniture, fixtures, vehicles and equipment	2,215,226	-
Accumulated depreciation	(1,345,416)	-
Total other assets	<u>966,051</u>	<u>101,653</u>
Total assets	<u>6,464,680</u>	<u>865,469</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	24,505	-
Accrued expenses	102,060	-
Current portion of compensated absences	145,616	-
Liability for self-insured workers compensation claims	-	297,855
Deferred revenue	12,134	-
Total current liabilities	<u>284,315</u>	<u>297,855</u>
NONCURRENT LIABILITIES		
Compensated absences, net of current portion	71,721	-
Other post-employment benefits	194,263	-
Total noncurrent liabilities	<u>265,984</u>	<u>-</u>
Total liabilities	<u>550,299</u>	<u>297,855</u>
NET ASSETS		
Invested in capital assets, net of related debt	966,051	-
Restricted for self-insurance	-	101,653
Unrestricted	4,948,330	465,961
Total net assets	<u>\$ 5,914,381</u>	<u>\$ 567,614</u>

The accompanying notes are an integral part of these financial statements

**SOUTHERN NEVADA HEALTH DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2011**

	Southern Nevada Public Health Laboratory	Governmental Activities - Internal Service Fund
OPERATING EXPENSES		
Salaries	\$ 1,053,365	\$ -
Employee benefits	560,484	-
Claims	-	6,726
Services and supplies	449,817	-
Depreciation	193,537	-
Repairs and maintenance	110,937	-
Total operating expenses	<u>2,368,140</u>	<u>6,726</u>
OPERATING LOSS	<u>(2,368,140)</u>	<u>(6,726)</u>
NONOPERATING REVENUES		
Indirect federal grants	1,415,460	-
Interest earnings	72,870	10,970
Total nonoperating revenues	<u>1,488,330</u>	<u>10,970</u>
INCOME (LOSS) BEFORE TRANSFERS	(879,810)	4,244
TRANSFERS		
Transfers in	<u>2,650,861</u>	<u>300,000</u>
CHANGE IN NET ASSETS	1,771,051	304,244
NET ASSETS, BEGINNING OF YEAR	<u>4,143,330</u>	<u>263,370</u>
NET ASSETS, END OF YEAR	<u>\$ 5,914,381</u>	<u>\$ 567,614</u>

The accompanying notes are an integral part of these financial statements

**SOUTHERN NEVADA HEALTH DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2011**

	Southern Nevada Public Health Laboratory	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash payments to suppliers for goods and services	\$ (988,434)	\$ -
Cash payments to employees	(1,043,050)	-
Cash payments to others	-	(26,017)
Cash used in operating activities	<u>(2,031,484)</u>	<u>(26,017)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grant revenue	1,427,594	-
Transfers in	2,650,861	300,000
Cash provided by noncapital financing activities	<u>4,078,455</u>	<u>300,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of property and equipment	(24,475)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	72,870	10,968
NET INCREASE IN CASH AND EQUIVELENTS	2,095,366	284,951
CASH AND EQUIVELENTS, BEGINNING OF YEAR	<u>3,303,133</u>	<u>580,518</u>
CASH AND EQUIVELENTS, END OF YEAR	<u>\$ 5,398,499</u>	<u>\$ 865,469</u>
RECONCILIATION OF OPERATING LOSS TO CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$ (2,368,140)	\$ (6,726)
Adjustments to reconcile operating loss to cash used in operating activities		
Depreciation	193,537	-
Increase in (assets) and liabilities		
Prepaid expenses	(100,130)	-
Accounts payable	(154)	-
Accrued expenses	34,763	-
Compensated absences	14,377	-
Other post-employment benefits	194,263	-
Liability for self-insured workers compensation claims	-	(19,291)
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (2,031,484)</u>	<u>\$ (26,017)</u>

The accompanying notes are an integral part of these financial statements

**SOUTHERN NEVADA HEALTH DISTRICT
NONMAJOR FIDUCIARY FUND - RETIREE HEALTH INSURANCE FUND
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011**

	Total Governmental Funds
ASSETS	
Cash and investments	\$ 334,383
NET ASSETS	<u>\$ 334,383</u>

**SOUTHERN NEVADA HEALTH DISTRICT
NONMAJOR FIDUCIARY FUND - RETIREE HEALTH INSURANCE FUND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2011</u>
ASSETS				
Cash and investments	\$ -	\$ 334,383	\$ -	\$ 334,383
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET ASSETS	<u>\$ -</u>	<u>\$ 384,383</u>	<u>\$ -</u>	<u>\$ 384,383</u>

SOUTHERN NEVADA HEALTH DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Southern Nevada Health District (the District) is governed by a thirteen member policymaking board (the Board of Health) comprised of two representatives from each of six entities, as well as a physician member at-large. The District represents a unique consolidation of the public health needs of Boulder City, Las Vegas, North Las Vegas, Henderson, Mesquite and Clark County. The accompanying financial statements include all of the activities that comprise the financial reporting entity of the District. The District is fiscally independent of all other governing bodies; therefore, the District is a primary government and is not reported as a component unit by any other governmental unit, nor does the District have any component units.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles.

A summary of the District's significant accounting policies follows.

Basic Financial Statements

The District's basic financial statements consist of government-wide financial statements, fund financial statements, and related notes. The government-wide financial statements include a statement of net assets and a statement of activities, and the fund financial statements include financial information for the governmental and business fund types. Reconciliations between the governmental fund statements, the statement of net assets and the statement of activities are also included.

Government-wide Financial Statements

The government-wide financial statements are made up of the statement of net assets and the statement of activities. These statements include the aggregated financial information of the District as a whole, except for fiduciary activity. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees, charges for services, and grants. The effect of interfund activity has been removed from these statements.

The statement of net assets presents the consolidated financial position of the District at year end in separate columns for both governmental and business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other sources of revenue not properly included among program revenues are reported instead as general revenues. This statement provides a net cost or net revenue of specific functions within the District. Those functions with a net cost are generally dependent on general-purpose revenues, such as the property tax allocation from Clark County collected from various jurisdictions, to remain operational.

SOUTHERN NEVADA HEALTH DISTRICT

Notes to Financial Statements (continued)

For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

The financial accounts of the District are organized on a basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts comprised of assets, liabilities, fund equity, revenues and expenditures/expenses. Separate financial statements are provided for governmental funds and proprietary funds.

The presentation emphasis in the fund financial statements is on major funds, for both governmental and enterprise funds. Major funds are determined based on minimum criteria set forth in GASB Statement Number 34. Major individual governmental funds and major individual enterprise funds are required to be reported in separate columns on the fund financial statements. The District may also display other funds as major funds if it believes the presentation will provide useful information to the users of the financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Gross receipts are considered "measurable" when in the hands of intermediary collecting governments and are then recognized as revenue. In general, expenditures are recorded when liabilities are incurred. The exception to this rule is that principal and interest on debt service, as well as liabilities related to compensated absences, postemployment benefits, and claims and judgments, are recorded when payment is due.

The major revenue sources of the District include property tax allocation from Clark County collected from various jurisdictions, regulatory revenue, fees for service and intergovernmental revenues from state and federal sources. The District reports two major governmental funds. A description of these follows:

The General Fund is the general operating fund of the District. It is used to account for all resources and cost of operations traditionally associated with governments, which are not required to be accounted for in other funds.

The Bond Reserve Fund accounts for resources designated for future acquisition of a new administration building.

Capital Projects Fund - The Capital Projects Fund (governmental fund-type) accounts for resources designated for future capital expenditures.

SOUTHERN NEVADA HEALTH DISTRICT

Notes to Financial Statements (continued)

For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The District reports the Southern Nevada Public Health Laboratory (SNPHL) Fund as a major proprietary fund. A description of the SNPHL Fund is as follows:

The SNPHL Fund accounts for various testing and analytical services for the District, outside government entities and private providers.

Additionally the District reports the following fund types:

Internal Service Fund - The Internal Service Fund is a risk management fund that accounts for costs associated with the District's self-funded workers compensation insurance.

Fiduciary Fund - The Retiree Health Insurance Fund was created as required by the terms of the Collective Bargaining Agreement between the District and the Service Employee International Union (SEIU) to receive the excess of the cost per employee per month funding that is derived from the difference between the actual cost of insurance and the per employee per month contract amount offered by the District. These funds are then to be used to help fund retired employee costs in maintaining the group health insurance benefit as provided by the District.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow this subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Southern Nevada Public Health Laboratory will be charges to customers for services. Operating expenses for the proprietary fund include the costs of services, administrative expenses, and depreciation on capital assets. Operating expenses of the internal service fund include claims and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Cash Equivalents

The District considers short-term, highly liquid investments that are both readily convertible to cash and have original maturity date of three months or less to be cash equivalents. This includes all of the District's individual funds pooled cash that is held by the Clark County Treasurer, which are combined with other County funds in a general investment pool. As the District maintains the right to complete access to its funds held in the investment pool, these invested funds are presented as cash equivalents in the financial statements.

SOUTHERN NEVADA HEALTH DISTRICT

Notes to Financial Statements (continued)

For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

Inventories are valued at cost determined by the first-in-first-out (FIFO) method. The costs of governmental fund inventories are recorded as assets when received and charged to expenditures as used.

Additionally, the District receives medical vaccines from the State of Nevada for use in the District's clinics, which are not included in the District's inventory since these vaccines remain the property of the State until they are administered. At June 30, 2011, the value of such vaccinations was \$310,573.

Prepays

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The District considers assets with an initial individual cost of more than \$3,000 and an estimated useful life in excess of one year to be capital assets. Purchased or constructed capital assets are recorded at historical cost or estimated historical cost and updated for additions and retirements during the year. Donated capital assets are valued at their estimated fair value as of the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Assets</u>	<u>Life (years)</u>
Buildings	50
Improvements other than buildings	5 – 25
Furniture, fixtures and equipment	5 – 20
Vehicles	6

Grants Payable

Grants payable represent the amount due to sub-recipients for expenditures incurred in association with grants awarded to the District.

Accrued Expenditures/Expenses

Salaries earned but not paid by year end have been accrued as liabilities and shown as expenditures/expenses for the current year in governmental, proprietary and government-wide statements respectively.

SOUTHERN NEVADA HEALTH DISTRICT

Notes to Financial Statements (continued)

For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences and Accumulated Sick Leave

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits.

Vacation pay benefits earned by employees are calculated based on years of full-time service as follows:

<u>Years of Service</u>	<u>Vacation Benefits (days)</u>
Less than 1	10
1 to 8	15
8-13	18
More than 13	20

The vacation pay benefits for any employee not used during the calendar year may be carried over to the next calendar year, but are not permitted to exceed twice the vacation pay benefits the employee earned per year. The employee forfeits any excess leave.

An employee is entitled to sick pay benefits accrued at one day for each month of full-time service. After 120 months of full-time service, an employee is entitled to 1.25 days of sick pay benefits for each month of full-time service. There is no limit on the amount of sick pay benefits that can be accumulated. Upon termination, an employee with at least three years of service will receive 100 percent of the sick pay benefits accrual for accrued days up to 100, 50 percent of the accrued days between 101 and 200, and 25 percent of the accrued days greater than 200. Upon death of an employee, the estate will receive a lump sum payment for all sick pay benefits accrued.

All vacation and sick pay benefits are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if the liability has matured, for example, as a result of employee resignations and retirements. The compensated absences liability is funded from currently budgeted payroll accounts from both the general fund and the Southern Nevada Public Health Laboratory Fund.

Fund Balance / Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

Invested in Capital Assets. This is the component of net assets that represents the difference between capital assets less accumulated depreciation.

Restricted. This component of net assets reports the constraints placed on the use of assets by either external parties and/or enabling legislation. Currently, the District restricts assets related to self-insurance deposits for the District's workers compensation program accounted for in the insurance liability reserve fund.

SOUTHERN NEVADA HEALTH DISTRICT

Notes to Financial Statements (continued)

For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance / Equity Classifications (continued)

Unrestricted. This component of net assets is the difference between the assets and liabilities not reported in Invested in Capital Assets and Restricted Net Assets.

In the fund financial statements, proprietary fund equity is classified the same as in the government-wide statements. In February 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Fund Balance Definitions* (GASB 54), which became effective for periods beginning after June 15, 2010. Under GASB 54, governmental fund equity is classified as fund balance and is further classified as follows:

Nonspendable. Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This classification includes inventories, prepaid items, assets held for sale and long-term receivables.

Restricted. Includes constraints placed on the use of these resources that are either externally imposed by grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

Committed. Includes amounts that can only be used for a specific purpose because of a formal action (resolution or ordinance) by the Board of Health, which is the District's highest level of decision-making authority. Those constraints remain binding unless removed or changed in the same manner employed to previously commit those resources.

Assigned. Includes amounts that are constrained by the District's intent to be used for specific purposes, but do not meet the criteria in GASB 54 to be classified as restricted or committed. The Board of Health delegates authority to assign fund balance amounts to the District's Director of Administration. Constraints imposed on the use of assigned amounts can be removed without formal action by the Board of Health.

Unassigned. This is the residual classification of fund balance in the General Fund, which has not been reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund. Other governmental funds might report a negative unassigned fund balance as a result of overspending an amount which has been restricted, committed or assigned for specific purposes.

The District considers restricted amounts to have been spent when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Committed amounts are considered to have been spent when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

It is the District's policy to expend restricted resources first and use unrestricted resources when the restricted resources have been depleted, except in the case of the certificate of deposit for self-insurance, which is statutorily restricted. It is also the District's policy to maintain a minimum unrestricted fund balance in the general fund of 16.6% of general fund operating expenses (the General Fund Reserve).

SOUTHERN NEVADA HEALTH DISTRICT

Notes to Financial Statements (continued)

For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance / Equity Classifications (continued)

The General Fund Reserve will be maintained to provide the District with sufficient working capital and a comfortable margin of safety to support one-time costs in the event of either a natural disaster or any other unforeseen emergency (as declared by the Board of Health), or unforeseen declines in revenue and/or large unexpected expenditures/expenses. These circumstances are not expected to occur routinely, and the General Fund Reserve is not to be used to support recurring operating expenditures/expenses.

Use of Estimates

The preparation of these financial statements includes estimates and assumptions made by management that affect the reported amounts. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Nevada Revised Statutes (NRS) require that local governments legally adopt budgets for all funds except fiduciary funds. The annual budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). The budget approval process is summarized as follows:

1. At the March Board of Health meeting, management of the District submits a tentative budget for the fiscal year commencing the following July. The operating budget includes proposed expenditures / expenses and the means of financing them.
2. Upon approval by the Board of Health, the tentative budget is submitted to Clark County where it is included in the County's public hearing held in May.
3. The budget is then filed with the Nevada Department of Taxation by Clark County.
4. NRS allow appropriations to be transferred within or among any functions or programs within a fund without an increase in total appropriations. If it becomes necessary during the course of the year to change any of the departmental budgets, transfers are initiated by department heads and approved by the appropriate administrator. Transfers within program or function classifications can be made with appropriate administrator approval. The Board of Health is advised of transfers between funds, program, or function classifications and the transfers are recorded in the official Board of Health minutes.
5. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds.

SOUTHERN NEVADA HEALTH DISTRICT

Notes to Financial Statements (continued)

For the Year Ended June 30, 2011

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgets and Budgetary Accounting (continued)

Per NRS 354.626, actual expenditures may not exceed budgetary appropriations of the public health function of the general fund or total appropriations of the individual capital projects funds. The sum of operating and nonoperating expenses in the enterprise and internal service funds may not exceed total appropriations. At June 30, 2011, the District had no exceptions to report.

3. CASH AND EQUIVALENTS

Deposits

The District's deposit policies are governed by State statutes. Deposits are carried at cost, which approximates market value and are maintained with insured banks in the State. At June 30, 2011, the carrying amount of the District's deposits was \$116,653 and the bank balance was \$116,273. The entire balance was covered by Depository Insurance and is not subject to any custodial credit risk.

Clark County Investment Pool

The District participates in Clark County's investment pool. At June 30, 2011, all rated investments in the Clark County investment pool were in compliance with the rating criteria listed below. Pooled funds are invested according to State statutes which are limited to the following (the District has no investment policy that would further limit its investment choices):

1. Obligations of the U.S. Treasury and U.S. agencies in which the maturity dates do not extend more than 10 years from the date of purchase.
2. Negotiable certificates of deposit issued by commercial banks or insured savings and loan associations (those over \$100,000 must be fully collateralized) not to exceed 1 year maturity from date of purchase with minimum ratings by at least two rating services of "B" by Thomson Bank Watch or "A-1" for deposits by Standard & Poor's or "P-1" for deposits by Moody's.
3. Notes, bonds and other unconditional obligations issued by corporations organized and operating in the United States. The obligations must be purchased from a registered broker/dealer. At the time of purchase the obligations must have a remaining term to maturity of no more than 5 years, are rated by a nationally recognized rating service as "A" or its equivalent, or better and cannot exceed 20 percent of the investment portfolio.
4. Bankers' acceptances eligible for rediscount with Federal Reserve banks, not to exceed 180 days maturity and 20 percent of the investment portfolio.
5. Commercial paper with a rating of A-1, P-1 or equivalent that does not exceed 270 days maturity and does not exceed 20 percent of the portfolio.
6. Collateralized mortgage obligations that are rated "AAA" or its equivalent not to exceed 20 percent of the portfolio.

SOUTHERN NEVADA HEALTH DISTRICT

Notes to Financial Statements (continued)

For the Year Ended June 30, 2011

3. CASH AND EQUIVALENTS (continued)

Clark County Investment Pool (continued)

7. Repurchase agreements that are collateralized at 102 percent of the repurchase price and do not exceed 90 days maturity. Securities used for collateral must meet the criteria listed above.
8. Money Market Mutual Funds which are rated “AAA” or its equivalent and invest only in securities issued by the Federal Government, U.S. agencies or repurchase agreements fully collateralized by such securities not to exceed 5 years maturity and does not exceed 20 percent of the portfolio.
9. Asset-backed securities that are rated AAA or its equivalent, not to exceed 20 percent of the portfolio.
10. Investment contracts for bond proceeds only, issuance for \$10,000,000 or more, and collateralized at a market value of at least 102 percent by obligations of the U.S. Treasury or agencies of the federal government.
11. The State of Nevada’s Local Government Investment Pool.

Custodial Credit Risk is the risk that in the event a financial institution or counterparty fails, the District would not be able to recover the value of its deposits and investments. As of June 30, 2011, one hundred percent of the District’s investments are held in the Clark County Investment Pool. The County Investment Policy states that securities purchased by the County shall be delivered against payment (delivery vs. payment) and held in a custodial safekeeping account with the trust department of a third party bank insured by the Federal Deposit Insurance Corporation (FDIC) designated by the County Treasurer for this purpose in accordance with NRS 355.172. A custody agreement between the bank and the County is required before execution of any transactions. County public deposits are in participating depositories of the Nevada Collateral Pool (the Pool).

The Pool, which is administered by the Nevada Office of the State Treasurer (OST), is set up as a single financial institution collateral pool that requires each participating depository to collateralize with eligible collateral those ledger deposits not within the limits of insurance provided by an instrumentality of the United States through NRS 356.133 (*i.e.*, in excess of the FDIC levels). The collateral is pledged in the name of the Pool and the market value of the collateral must be at least 102% of the uninsured ledger balances of the public money held by the depository.

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. Through its investment policy, the County (as the external investment pool operator) manages the exposure to fair value losses arising from increasing interest rates by limiting the average weighted duration of the investment pool portfolio to less than 2.5 years. Duration is a measure of the present value of a fixed income’s cash flows and is used to estimate the sensitivity of a security’s price to interest rate changes.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. At June 30, 2011, all of the District’s investments are held by the Clark County Treasurer and are invested in authorized investments in accordance with NRS 350.659, 355.165, 355.170, and 356.120. The limitations on amounts invested are covered on the aforementioned type of security.

SOUTHERN NEVADA HEALTH DISTRICT

Notes to Financial Statements (continued)

For the Year Ended June 30, 2011

3. CASH AND EQUIVALENTS (continued)

Clark County Investment Pool (continued)

As of June 30, 2011, the carrying amount and market value of investments in the Clark County Investment Pool was \$52,417,445, which includes \$334,383 in the Retiree Health Insurance Fiduciary Fund that is not included in the Government-wide Statement of Net Assets.

Combined Cash and Equivalents

Investment held by Clark County Treasurer	\$ 52,083,062
Cash on deposit with banking institutions	15,000
Cash on hand	17,455
Non-negotiable certificate of deposit	101,653
	<u>\$ 52,217,170</u>
Governmental activities	\$ 46,818,671
Business-type activities	5,398,499
	<u>\$ 52,217,170</u>

4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Transfers in/out

In the fund financial statements, interfund transfers are shown as other financial sources or uses. For the year ended June 30, 2011, transfers between funds are as follows:

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Total</u>
	Bond Reserve Fund	Nonmajor Capital Projects Fund	Southern Nevada Public Health Laboratory	Internal Service Fund	
General Fund	\$1,524,493	\$2,243,864	\$2,650,861	\$300,000	\$6,719,218

Transfers are used to (1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds and (2) to move cash for expenditures paid by a fund on behalf of another fund. There were no significant transfers during the fiscal year that were either non-routine in nature or inconsistent with the activities of the fund making the transfer.

SOUTHERN NEVADA HEALTH DISTRICT

Notes to Financial Statements (continued)

For the Year Ended June 30, 2011

5. CAPITAL ASSETS

For the year ended June 30, 2011, capital asset activity was as follows:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 2,059,765	\$ -	\$ -	\$ 2,059,765
Capital assets being depreciated:				
Buildings	4,697,563	-	-	4,697,563
Improvements other than buildings	9,087,738	50,702	-	9,138,440
Furniture, fixtures and equipment	8,985,774	1,312,546	(217,101)	10,081,219
Vehicles	704,628	-	(19,977)	684,651
Total capital assets being depreciated	<u>23,475,703</u>	<u>1,363,248</u>	<u>(237,078)</u>	<u>24,601,873</u>
Less accumulated depreciation for:				
Buildings	(1,792,620)	(93,951)	-	(1,886,571)
Improvements other than buildings	(7,318,841)	(408,736)	-	(7,727,577)
Furniture, fixtures and equipment	(6,123,435)	(723,547)	215,247	(6,631,735)
Vehicles	(531,202)	(88,381)	19,977	(599,606)
Total accumulated depreciation	<u>(15,766,098)</u>	<u>(1,314,615)</u>	<u>235,223</u>	<u>(16,845,489)</u>
Total capital assets being depreciated, net	<u>7,709,605</u>	<u>48,633</u>	<u>(1,854)</u>	<u>7,756,384</u>
Governmental activities capital assets, net	<u>\$ 9,769,371</u>	<u>\$ 48,633</u>	<u>\$ (1,854)</u>	<u>\$ 9,816,149</u>
Business-type Activities:				
Capital assets being depreciated:				
Improvements other than buildings	\$ 92,768	\$ 3,473	\$ -	\$ 96,241
Furniture, fixtures and equipment	2,194,224	3,012	-	2,197,236
Vehicles	-	17,990	-	17,990
Total capital assets being depreciated	<u>2,286,992</u>	<u>24,475</u>	<u>-</u>	<u>2,311,467</u>
Less accumulated depreciation for:				
Improvements other than buildings	(30,668)	(9,527)	-	(40,195)
Furniture, fixtures and equipment	(1,121,211)	(181,761)	-	(1,302,972)
Vehicles	-	(2,249)	-	(2,249)
Total accumulated depreciation	<u>(1,151,879)</u>	<u>(193,537)</u>	<u>-</u>	<u>(1,345,416)</u>
Business-type activities capital assets, net	<u>\$ 1,135,113</u>	<u>\$ (169,062)</u>	<u>\$ -</u>	<u>\$ 966,051</u>

SOUTHERN NEVADA HEALTH DISTRICT

Notes to Financial Statements (continued)

For the Year Ended June 30, 2011

5. CAPITAL ASSETS (CONTINUED)

For the year ended June 30, 2011, depreciation was charged to functions/programs of the District as follows:

Governmental Activities:

Nursing:	
Communicable diseases	\$ 11,691
General administration	21,431
Immunizations	3,268
Children's health	423
Environmental health:	
Environmental health and sanitation	25,253
Waste management	12,783
Other environmental health programs	613
Administration, operations and maintenance	
General administration	1,185,949
Health cards	17,731
Vital records	3,519
Community health services:	
Epidemiology	2,669
Health education	6,274
Public health response to bioterrorism	23,011
	<hr/>
Total Depreciation Expense – Governmental Activities	<u>\$ 1,314,615</u>

Business-type Activities:

Community health services:	
Southern Nevada Public Health Laboratory	<u>\$ 193,537</u>

6. LEASES

Operating Leases

The District has certain non-cancelable operating lease agreements (subject to the requirements of NRS 244.230 and 354.626) for its facilities. For the year ended June 30, 2011, rent expense and expenditures totaled \$1,478,526. The District's future minimum lease payments under these non-cancelable operating leases are as follows:

Year Ending June 30:	Amount
2012	\$ 1,472,164
2013	1,415,636
2014	1,257,503
2015	1,008,418
2016	1,035,813
Thereafter	1,313,222
	<hr/>
	<u>\$ 7,502,756</u>

SOUTHERN NEVADA HEALTH DISTRICT

Notes to Financial Statements (continued)

For the Year Ended June 30, 2011

7. LONG-TERM LIABILITIES

The District's long-term liabilities consist of compensated absences and other post-employment benefit (OPEB) obligations. For the year ended June 30, 2011, activity for long-term liabilities was as follows:

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Amounts Due Within One Year
Governmental Activities:					
Compensated absences	\$ 7,092,545	\$ 1,686,269	\$ (1,558,723)	\$ 7,220,091	\$ 4,187,653
OPEB obligations	3,768,616	2,911,610	-	6,680,226	-
	<u>10,861,161</u>	<u>4,597,879</u>	<u>(1,558,723)</u>	<u>13,900,317</u>	<u>4,187,653</u>
Business-type Activities:					
Compensated absences	202,960	57,100	(42,722)	217,338	145,616
OPEB obligations	-	194,263	-	194,263	-
	<u>202,960</u>	<u>251,363</u>	<u>(42,722)</u>	<u>411,601</u>	<u>145,616</u>
Total long-term liabilities	<u>\$ 11,064,121</u>	<u>\$ 4,849,242</u>	<u>\$ (1,601,445)</u>	<u>\$ 14,311,918</u>	<u>\$ 4,333,269</u>

8. DEFINED BENEFIT PENSION PLAN

Plan Description

The District contributes to a cost sharing, multiple employer, defined benefit plan administered by the Public Employees' Retirement System of the State of Nevada (PERS). PERS provides retirement benefits, disability benefits and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS.

Financial statements for the Plan are available by calling (775) 687-4200 or writing to:

Public Employees' Retirement System of Nevada
693 W. Nye Lane
Carson City, Nevada 89703-1599

Funding Policy

Benefits for plan members are funded under the employer pay method. Under the employer pay contribution plan, the District is required to contribute all amounts due under the plan, the amounts contributed equal the required contribution amount. Chapter 286 of NRS establishes the contribution requirements of plan members and the District. Contribution requirements may only be amended through legislation.

SOUTHERN NEVADA HEALTH DISTRICT

Notes to Financial Statements (continued)

For the Year Ended June 30, 2011

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Funding Policy (continued)

As of June 30, 2011, the District's contribution rates and amounts contributed for regular members for the previous three years are as follows:

<u>Fiscal Year</u>	<u>Contribution Rate</u>	<u>Total Contribution</u>
2011	21.5%	\$ 7,575,933
2010	21.5%	7,474,523
2009	20.5%	7,015,666

The amounts contributed are equal to the required contributions for each year.

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Descriptions

The District participates in Clark County's Self-Funded Health Benefit Plan, which is an agent multiple-employer defined benefit OPEB plan. Employees who retired before September 1, 2008, may be covered by the State of Nevada's Public Employee Benefit Plan (PEBP), also an agent multiple-employer defined benefit OPEB plan, if they have remained in the PEBP since retirement. In accordance with NRS, retirees of the District may continue insurance through existing plans of insurance, if enrolled as an active employee at the time of retirement. Retirees are offered medical, dental, prescription drug, and life insurance benefits for themselves and their dependents. Retirees may choose between the Clark County Self-Funded Group Medical and Dental Benefits Plan (Self-Funded Plan) or the Health Maintenance Organization (HMO) Plan (Health Plan of Nevada Group Benefits Plan).

Self-Funded Plan and HMO benefit provisions are established and amended by the Clark County Self-Insurer's Executive Committee. PEBP benefit provisions are established and amended by the PEBP Board.

The Self-Funded Plan is included in the Clark County CAFR as an internal service fund (the Self-Funded Group Insurance fund), as required by NRS and is not administered as a qualifying trust or equivalent arrangement.

The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. The Self-Funded and PEBP reports may be obtained by writing or calling the following addresses or numbers:

Clark County, Nevada
PO Box 551210
500 S. Grand Central Parkway
Las Vegas, NV 89155-1210
(702) 455-3895

Public Employee Benefit Plan
901 South Stewart Street, Suite 1001
Carson City, Nevada 89701
(800) 326-5496

SOUTHERN NEVADA HEALTH DISTRICT

Notes to Financial Statements (continued)

For the Year Ended June 30, 2011

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Funding Policy and Annual OPEB Cost

The Self-Funded Plan contribution requirements of plan members and the District are established and may be amended through negotiations between the District and the SEIU employee union.

For the year ended June 30, 2011, the District paid a maximum of \$515 per month towards employee premiums for active employee coverage. In addition, the District pays a portion of the premium for dependents up to a maximum of \$915 for employee and family. Retirees in the Self-Funded Plan receive no direct subsidy from the District. Under state law, retiree loss experience is pooled with active loss experience for the purpose of setting rates. The difference between the true claims cost and the blended premium is an implicit rate subsidy that creates an OPEB cost for the District.

The District is required to pay the PEBP an explicit subsidy, based on years of service, for retirees who enroll in this plan. During fiscal 2011, retirees were eligible for a \$79 per month subsidy after five years of service with a Nevada state or local government entity. The maximum subsidy of \$436 is earned after 20 years of combined service with any eligible entity. There are incremental increases for years of service between five and twenty years. The subsidy is set, and may be amended, by the State Legislature.

The annual OPEB cost for each plan is calculated based on the Annual Required Contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45 *Accounting and Financial Reporting by employers for Post-employment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The District's annual OPEB cost for the current year and the related information for each plan are as follows:

	<u>Self-Funded Plan</u>	<u>PEPB</u>
Contribution rates	Actuarially determined, premium sharing determined by union contracts	Set by State Legislature
District	Implicit subsidy through blending of active and retiree loss experience	\$79 per month after 5 years of service up to \$436 per month after 20 years
Plan members	From \$891 to \$986 per month for family coverage, depending on plan	From \$0 to \$436, depending on level of coverage and subsidy earned

SOUTHERN NEVADA HEALTH DISTRICT

Notes to Financial Statements (continued)

For the Year Ended June 30, 2011

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Funding Policy and Annual OPEB Cost (Continued)

The following table shows the components of the District's annual OPEB cost, the amount actually contributed to the plan, and changes in the District's net OPEB obligation during fiscal 2011:

	Self-Funded Plan	PEPB	Total
Annual required contribution (ARC)	\$ 3,160,355	\$ 580,596	\$ 3,740,951
Interest on net OPEB obligation	122,223	22,454	144,677
Adjustment to annual required contribution	(176,705)	(32,463)	(209,168)
Annual OPEB costs	3,105,873	570,587	3,676,460
Employer contributions made	-	(453,144)	(453,144)
Increase in net OPEB obligation	3,105,873	117,443	3,223,316
Net OPEB obligation (benefit) – beginning of year	3,768,616	(151,679)	3,616,937
Net OPEB obligation / (benefit) – end of year	\$ 6,874,489	\$ (34,236)	\$6,840,253

The net OPEB obligation has been recorded as a liability and the net OPEB benefit has been recorded as an asset in the entity-wide statement of net assets.

The District's annual OPEB cost, the percentage of annual cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2009, 2010 and 2011 are as follows:

Plan	Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net Ending OPEB Obligation (Benefit)
Self-Funded	June 30, 2011	\$ 3,105,873	-%	\$ 6,874,489
PEPB	June 30, 2011	570,587	79%	(34,236)
Self-Funded	June 30, 2010	1,914,588	-%	3,768,616
PEPB	June 30, 2010	390,732	111%	(151,679)
Self-Funded	June 30, 2009	1,854,028	-%	1,854,028
PEPB	June 30, 2009	365,972	129%	(107,554)

SOUTHERN NEVADA HEALTH DISTRICT

Notes to Financial Statements (continued)

For the Year Ended June 30, 2011

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)Funded status and funding progress

Using the most recent actuarial valuation as of July 1, 2010, the following is the funded status of the OPEB Plan:

	<u>Self-Funded</u>	<u>PEBP</u>	<u>Total</u>
Actuarial accrued liability (AAL)	\$ 20,455,969	\$ 9,110,069	\$ 29,566,038
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 20,455,969</u>	<u>\$ 9,110,069</u>	<u>\$ 29,566,038</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>0%</u>	<u>0%</u>	<u>0%</u>
Covered payroll	<u>\$ 30,538,731</u>	<u>5,610,335</u>	<u>36,149,066</u>
UAAL as a percentage of covered payroll	<u>67.0%</u>	<u>162.4%</u>	<u>81.8%</u>

Clark County does not hold any funds on behalf of the District that are to be used to fund the District's future OPEB requirements. The District intends to use accumulated cash and investments in the general fund for future OPEB funding; however, these assets are not considered plan assets because they are not held in trust.

The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial methods and assumptions

Projections of benefits are based on the substantive plans (the plans as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the District and the plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

SOUTHERN NEVADA HEALTH DISTRICT

Notes to Financial Statements (continued)

For the Year Ended June 30, 2011

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actuarial methods and assumptions (continued)

Significant methods and assumptions are as follows:

	<u>Self-Funded Plan</u>	<u>PEPB</u>
Actuarial valuation date	July 1, 2010	July 1, 2010
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar amount	Level dollar amount
Remaining amortization period	30 years, open	30 years, open
Asset valuation method	No assets in trust	No assets in trust
Actuarial assumptions:		
Investment rate of return	4%	4%
Projected salary increases	N/A	N/A
Healthcare inflation rate	10% initial / 5% ultimate	10% initial / 5% ultimate
Current year	9.5%	9.5%

9. COMMITMENTS AND CONTINGENCIES

Litigation

Various legal claims have arisen against the District during the normal course of operations. According to the District's legal counsel, the ultimate resolution of these matters is not ascertainable at this time and, therefore, no provision has been made in the financial statements in connection therewith.

Risk Management

The District, like all governmental entities, is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District participates in Clark County's Cooperative Agreement for Coverage of Liability Claims and Related Expenses. Under this agreement, the District pays an annual premium to the Clark County Insurance Pool Internal Service Fund for its general insurance coverage. The agreement for formation of the Insurance Pool Fund provides that the fund will be self-sustaining through member premiums. Each member is responsible for a deductible for each claim submitted. The District's deductible is \$10,000 per occurrence. The stop-loss provision is \$2,000,000 per occurrence, accident, or loss. Coverage from private insurers is maintained for losses in excess of the stop loss amount up to \$20,000,000. An independent claims administrator performs all claims-handling procedures.

The pool's two umbrella policies provide further coverage to a maximum aggregate amount of \$10,000,000. The District remains adequately covered for losses and no settlements have reached amounts in excess of the insurance coverage during the past three years.

SOUTHERN NEVADA HEALTH DISTRICT

Notes to Financial Statements (continued)

For the Year Ended June 30, 2011

9. COMMITMENTS AND CONTINGENCIES (continued)

Risk Management (continued)

On July 1, 2005, the District established an internal service fund to provide for self-insured workers compensation claims. Additionally, the District has excess workers compensation insurance up to \$1,000,000 per occurrence, with retention of \$400,000 per occurrence. A liability for a claim is established if information indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. As of June 30, 2011, the estimate of the worker's compensation claims payable was determined by the District with the assistance of an independent actuarial study and is reflected in the financial statements of the Risk Management Insurance Liability Reserve Fund.

For the fiscal years ended June 30, 2011 and 2010, changes in the funds' claims liability amounts are as follows:

	2011	2010
Estimated unpaid claims -beginning	\$ 317,148	\$ 336,040
Claims incurred and changes in estimates	25,738	9,129
Claims paid	(6,445)	(28,021)
Estimated unpaid claims -ending	<u>\$ 297,855</u>	<u>\$ 317,148</u>

At June 30, 2011, the District has a certificate of deposit with a balance of \$101,653, which is required for the District's workers compensation self-insurance program.

10. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions, an Amendment of GASB Statement No. 53* (GASB No. 64), which is effective for financial statements for periods beginning after June 15, 2011. According to GASB, the objective of GASB No. 64 is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. GASB No. 64 also sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. Since the District does not have any derivative instruments to which this standard would apply, it is not currently expected that GASB No. 64 will have an effect on the District's financial statements.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB No. 63), which is effective for financial statements for periods beginning after December 15, 2011. GASB No. 63 provides financial reporting guidance for deferred outflows of resources (*i.e.*, consumption of net assets by the government that is applicable to a future reporting period) and deferred inflows of resources (*i.e.*, an acquisition of net assets by the government that is applicable to a future reporting period). Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Management has not completed its assessment of this statement; however, it is currently expected that adoption of GASB No. 63 will not materially affect the District's financial position, results of operations, or cash flows.

SOUTHERN NEVADA HEALTH DISTRICT

Notes to Financial Statements (continued)

For the Year Ended June 30, 2011

10. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB Statement No. 62), which is effective for financial statements for periods beginning after December 15, 2011. GASB No. 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

It is not currently expected that GASB No. 62 will have a material effect on the District's financial statements.

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus, an Amendment of GASB Statements No. 14 and 34* (GASB No. 61), which is effective for financial statements for periods beginning after June 15, 2012. GASB No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity, and amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. Management is currently evaluating the effect that GASB No. 61 will have on the District's financial position, results of operations, or cash flows.

In November 2010, GASB issued Statement No. 60 *Accounting and Financial Reporting for Service Concession Arrangements* (GASB No. 60), which is effective for financial statements for periods beginning after December 15, 2011. GASB No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership involving an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. Since the District does not have any SCAs to which this standard would apply, it is not currently expected that GASB No. 60 will have an effect on the District's financial statements.



Required
SUPPLEMENTARY INFORMATION

**SOUTHERN NEVADA HEALTH DISTRICT
MAJOR FUND - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services				
Title XIX Medicaid	\$ 535,838	\$ 535,838	\$ 547,452	\$ 11,614
General services	6,214,016	6,214,016	5,581,494	(632,522)
Regulatory services	23,481,444	23,481,444	22,978,296	(503,148)
Program contract services	2,454,906	2,454,906	2,308,693	(146,213)
Intergovernmental revenues				
State funding	938,394	938,394	979,488	41,094
Indirect federal grants	8,036,553	8,036,553	9,463,763	1,427,210
Federal grants	9,084,411	9,084,411	10,105,237	1,020,826
Contributions and donations	-	-	13,777	13,777
Property tax allocation	21,351,437	21,351,437	21,406,846	55,409
General receipts				
Interest earnings	1,000,000	1,000,000	683,871	(316,129)
Other general receipts	15,700	15,700	21,097	5,397
Total revenues	<u>73,112,699</u>	<u>73,112,699</u>	<u>74,090,014</u>	<u>977,315</u>
EXPENDITURES				
Public Health Function				
Nursing				
Salaries and wages	11,524,326	11,524,326	10,902,475	621,851
Employee benefits	3,939,733	3,939,733	3,581,850	357,883
Services and supplies	6,359,240	6,359,240	5,043,565	1,315,675
	<u>21,823,299</u>	<u>21,823,299</u>	<u>19,527,890</u>	<u>2,295,409</u>
Environmental health				
Salaries and wages	10,418,051	10,418,051	10,213,604	204,447
Employee benefits	3,643,879	3,643,879	3,439,000	204,879
Services and supplies	1,635,884	1,635,884	1,249,169	386,715
	<u>15,697,814</u>	<u>15,697,814</u>	<u>14,901,773</u>	<u>796,041</u>
Community health services				
Salaries and wages	4,752,163	4,752,163	5,045,504	(293,341)
Employee benefits	1,598,490	1,598,490	1,645,038	(46,548)
Services and supplies	7,929,499	7,929,499	10,095,977	(2,166,478)
	<u>14,280,152</u>	<u>14,280,152</u>	<u>16,786,519</u>	<u>(2,506,367)</u>
Administration, operations and maintenance				
Salaries and wages	11,632,077	11,632,077	9,282,904	2,349,173
Employee benefits	4,549,485	4,549,485	3,971,618	577,867
Services and supplies	5,102,518	5,102,518	6,977,263	(1,874,745)
	<u>21,284,080</u>	<u>21,284,080</u>	<u>20,231,785</u>	<u>1,052,295</u>
Total expenditures	<u>73,085,345</u>	<u>73,085,345</u>	<u>71,447,967</u>	<u>1,637,378</u>
Excess of revenues over expenditures	27,354	27,354	2,642,047	2,614,693
OTHER FINANCING USES				
Transfers out	<u>(6,147,015)</u>	<u>(6,147,015)</u>	<u>(6,719,218)</u>	<u>(572,203)</u>
NET CHANGE IN FUND BALANCE	(6,119,661)	(6,119,661)	(4,077,171)	2,042,490
FUND BALANCE, BEGINNING OF YEAR	<u>32,409,640</u>	<u>32,409,640</u>	<u>32,409,640</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 26,289,979</u>	<u>\$ 26,289,979</u>	<u>\$ 28,332,469</u>	<u>\$ 2,042,490</u>

**SOUTHERN NEVADA HEALTH DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS PLAN - SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2011**

<u>Plan Description</u>	<u>Actuarial Valuation Date</u>	<u>(A) Actuarial Value of Assets</u>	<u>(B) Actuarial Accrued Liability (AAL) Entry Age, Normal</u>	<u>(B - A) Unfunded AAL (UAAL)</u>	<u>(A / B) Funded Ratio</u>	<u>(C) Covered Payroll</u>	<u>(B - A) / C UAAL as a Percentage of Covered Payroll</u>
Self-funded plan	July 1, 2008	\$ -	\$ 17,989,082	\$ 17,989,082	0.0%	\$ 27,459,650	65.5%
Post employment benefit plan (PEBP)	July 1, 2008	-	3,550,918	3,550,918	0.0%	5,420,340	65.5%
Self-funded plan	July 1, 2010	-	20,455,969	20,455,969	0%	30,538,731	67%
Post employment benefit plan (PEBP)	July 1, 2010	-	9,110,069	9,110,069	0.0%	5,610,335	162.4%

Notes to the Schedule of OPEB Funding Progress:

1. This information is intended to help users assess the status of the District's OPEB plan on a going concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employers
2. Only two actuarial valuations have been completed since GASB 45 became effective and was adopted. In the future, information from the three most recent actuarial valuations will be presented.

SOUTHERN NEVADA HEALTH DISTRICT

Notes to Required Supplementary Information

For the Year Ended June 30, 2011

1. BUDGETARY BASIS

The Southern Nevada Health District (the District) prepares its budgets in accordance with generally accepted accounting principles. The budget amounts reflected in the accompanying budget and actual schedules have been amended from the original budget amounts in accordance with Nevada Revised Statutes.

Additional budgetary information can be found in Note 2 to the District's financial statements.



Supplementary
INFORMATION



Major

BOND RESERVE FUND

**SOUTHERN NEVADA HEALTH DISTRICT
MAJOR FUND - BOND RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Interest earnings	\$ 189,000	\$ 189,000	\$ 194,681	\$ 5,681
OTHER FINANCING SOURCES (USES)				
Transfers in	1,524,493	1,524,493	1,524,493	-
NET CHANGE IN FUND BALANCE	1,713,493	1,713,493	1,719,174	5,681
FUND BALANCE, BEGINNING OF YEAR	8,908,045	8,908,045	8,908,045	-
FUND BALANCE, END OF YEAR	<u>\$ 10,621,538</u>	<u>\$ 10,621,538</u>	<u>\$ 10,627,219</u>	<u>\$ 5,681</u>



Major
CAPITAL PROJECTS FUND

**SOUTHERN NEVADA HEALTH DISTRICT
MAJOR FUND - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Interest earnings	\$ 41,000	\$ 41,000	\$ 70,649	\$ 29,649
EXPENDITURES				
Capital outlay	2,243,864	2,243,864	1,363,248	880,616
Deficiency of revenues under expenditures	(2,202,864)	(2,202,864)	(1,292,599)	910,265
OTHER FINANCING SOURCES (USES)				
Transfers in	2,243,864	2,243,864	2,243,864	-
NET CHANGE IN FUND BALANCE	41,000	41,000	951,265	910,265
FUND BALANCE, BEGINNING OF YEAR	3,689,934	3,689,934	3,689,934	-
FUND BALANCE, END OF YEAR	<u>\$ 3,730,934</u>	<u>\$ 3,730,934</u>	<u>\$ 4,641,199</u>	<u>\$ 910,265</u>



Major
PROPRIETARY FUND

**SOUTHERN NEVADA HEALTH DISTRICT
MAJOR PROPRIETARY FUND - SOUTHERN NEVADA PUBLIC HEALTH LABORATORY FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ -	\$ 25,950	\$ -	\$ (25,950)
OPERATING EXPENSES				
Salaries	1,225,662	1,225,662	1,053,365	172,297
Employee benefits	414,031	414,031	560,484	(146,453)
Services and supplies	438,965	848,965	449,817	399,148
Depreciation	360,000	250,000	193,537	56,463
Repairs and maintenance	-	-	110,937	(110,937)
Total operating expenses	2,438,658	2,738,658	2,368,140	370,518
OPERATING LOSS	(2,438,658)	(2,712,708)	(2,368,140)	344,568
NONOPERATING REVENUES				
Indirect federal grants	1,187,836	1,343,802	1,415,460	71,658
Interest earnings	60,000	60,000	72,870	12,870
Total nonoperating revenues	1,247,836	1,403,802	1,488,330	84,528
LOSS BEFORE TRANSFERS	(1,190,822)	(1,308,906)	(879,810)	429,096
TRANSFERS				
Transfers in	2,078,658	2,078,658	2,650,861	572,203
CHANGE IN NET ASSETS	887,836	769,752	1,771,051	1,001,299
NET ASSETS, BEGINNING OF YEAR	4,143,330	4,143,330	4,143,330	-
NET ASSETS, END OF YEAR	\$ 5,031,166	\$ 4,913,082	\$ 5,914,381	\$ 1,001,299



Nonmajor
INTERNAL SERVICE FUND

**SOUTHERN NEVADA HEALTH DISTRICT
NONMAJOR INTERNAL SERVICE FUND - INSURANCE LIABILITY RESERVE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENSES				
Claims expense	\$ 200,000	\$ 200,000	\$ 6,726	\$ 193,274
OPERATING LOSS	(200,000)	(200,000)	(6,726)	193,274
NONOPERATING REVENUES				
Interest earnings	13,000	13,000	10,970	(2,030)
INCOME (LOSS) BEFORE TRANSFERS	(187,000)	(187,000)	4,244	191,244
TRANSFERS				
Transfers in	300,000	300,000	300,000	-
CHANGE IN NET ASSETS	113,000	113,000	304,244	191,244
NET ASSETS, BEGINNING OF YEAR	263,370	263,370	263,370	-
NET ASSETS, END OF YEAR	\$ 376,370	\$ 376,370	\$ 567,614	\$ 191,244



Capital Assets
USED IN THE OPERATION OF
GOVERNMENTAL FUNDS

**SOUTHERN NEVADA HEALTH DISTRICT
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULES BY SOURCE
 JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Governmental funds capital assets		
Land	\$ 2,059,765	\$ 2,059,765
Buildings	4,697,563	4,697,564
Improvements other than buildings	9,138,440	9,059,275
Furniture, fixtures and equipment	10,081,219	9,014,237
Vehicles	<u>684,651</u>	<u>704,628</u>
Total governmental fund capital assets	<u>\$ 26,661,638</u>	<u>\$ 25,535,469</u>
Investments in governmental funds capital assets by source		
General fund	<u>\$ 26,661,638</u>	<u>\$ 25,535,469</u>

SOUTHERN NEVADA HEALTH DISTRICT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION
JUNE 30, 2011

Function	Land	Buildings	Improvements Other Than Buildings	Furniture, Fixtures, equipment and Vehicles	Total
Nursing	\$ -	\$ -	\$ 36,018	\$ 1,584,315	\$ 1,620,333
Environmental health	-	-	14,516	1,931,125	1,945,641
Administration, operations and maintenance	2,059,765	4,697,563	9,009,644	6,497,263	22,264,235
Community health services	-	-	78,262	753,167	831,429
 Total governmental funds capital assets	 \$ 2,059,765	 \$ 4,697,563	 \$ 9,138,440	 \$ 10,765,870	 \$ 26,661,638

**SOUTHERN NEVADA HEALTH DISTRICT
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION
 JUNE 30, 2011**

Function	Balances June 30, 2010	Additions	Deletions	Transfers	Balances June 30, 2011
Nursing	\$ 1,796,156	\$ 12,033	\$ 15,729	\$ (172,127)	\$ 1,620,333
Environmental health	1,248,518	760,064	-	(62,941)	1,945,641
Administration, operations and maintenance	21,807,200	462,827	212,249	206,457	22,264,235
Community health services	<u>683,595</u>	<u>128,323</u>	<u>9,100</u>	<u>28,611</u>	<u>831,429</u>
 Total governmental funds capital assets	 <u>\$ 25,535,469</u>	 <u>\$ 1,363,247</u>	 <u>\$ 237,078</u>	 <u>\$ -</u>	 <u>\$ 26,661,638</u>

Statistical
SECTION



**SOUTHERN NEVADA HEALTH DISTRICT
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS (UNAUDITED) ***

Table 1

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities									
Invested in capital activities, net of related debt	\$ 12,868,765	\$ 14,626,727	\$ 14,454,028	\$ 13,277,235	\$ 12,740,560	\$ 11,723,864	\$ 10,905,724	\$ 9,769,370	\$ 9,816,149
Restricted	49,421	24,282	31,696	5,651	16,667	640,854	100,000	100,994	101,653
Unrestricted	3,603,784	6,538,082	10,450,995	13,028,963	16,108,148	23,928,363	27,070,175	34,460,513	30,200,767
Total governmental activities net assets	<u>16,521,970</u>	<u>21,189,091</u>	<u>24,936,719</u>	<u>26,311,849</u>	<u>28,865,375</u>	<u>36,293,081</u>	<u>38,075,899</u>	<u>44,330,877</u>	<u>40,118,569</u>
Business-type activities									
Invested in capital activities, net of related debt	-	-	397,330	1,269,054	1,637,230	1,546,682	1,301,831	1,135,113	966,051
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	607,834	253,194	177,993	1,066,753	2,274,702	3,008,217	4,948,330
Total business-type activities net assets	<u>-</u>	<u>-</u>	<u>1,005,164</u>	<u>1,522,248</u>	<u>1,815,223</u>	<u>2,613,435</u>	<u>3,576,533</u>	<u>4,143,330</u>	<u>5,914,381</u>
Primary government									
Invested in capital activities, net of related debt	12,868,765	14,626,727	14,851,358	14,546,289	14,377,790	13,270,546	12,207,555	10,904,483	10,782,200
Restricted	49,421	24,282	31,696	5,651	16,667	640,854	100,000	100,994	101,653
Unrestricted	3,603,784	6,538,082	11,058,829	13,282,157	16,286,141	24,995,116	29,344,877	37,468,730	35,149,097
Total primary government net assets	<u>\$ 16,521,970</u>	<u>\$ 21,189,091</u>	<u>\$ 25,941,883</u>	<u>\$ 27,834,097</u>	<u>\$ 30,680,598</u>	<u>\$ 38,906,516</u>	<u>\$ 41,652,432</u>	<u>\$ 48,474,207</u>	<u>\$ 46,032,950</u>

Source: Southern Nevada Health District Finance Department (prepared using the modified accrual basis of accounting)

(*) Accrual-basis financial information for the District as a whole is available beginning in FY2003, the year that GASB statement 34 was implemented. Therefore, ten years of data is not yet available but will be accumulated over time.

**SOUTHERN NEVADA HEALTH DISTRICT
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS (UNAUDITED) ***

Table 2

	2003	2004	2005	2006	2007	2008	2009	2010	2011
EXPENSES									
Governmental activities									
Nursing:									
Communicable diseases	\$ 9,426,860	\$ 11,165,033	\$ 10,881,613	\$ 8,003,504	\$ 6,758,899	\$ 7,938,929	\$ 7,933,975	\$ 7,619,766	\$ 7,907,690
General nursing administration	2,346,406	2,292,977	1,882,503	2,097,551	2,288,338	2,440,021	2,786,755	2,590,645	2,622,911
Immunizations	3,065,069	7,957,547	8,757,974	8,707,255	11,522,381	11,022,254	11,357,315	11,454,155	10,259,728
Women's health	2,232,961	1,960,583	1,765,674	1,541,830	1,774,878	1,909,649	1,972,851	1,609,964	2,255,969
Children's health	2,661,153	2,696,783	3,034,452	2,752,746	2,511,536	2,016,251	2,196,650	2,297,208	2,431,534
Other nursing programs	596,558	808,863	1,131,084	717,646	488,175	200,888	-	-	-
Total nursing	20,329,007	26,881,786	27,453,300	23,820,532	25,344,207	25,527,992	26,247,546	25,571,738	25,477,832
Environmental health:									
Environmental health and sanitation	6,181,703	6,719,633	7,475,321	9,275,812	9,941,857	11,501,992	12,844,003	12,251,212	12,767,225
Waste management	1,044,594	1,185,067	1,670,545	1,833,213	1,590,285	1,830,397	2,186,958	2,228,821	2,479,313
Other environmental health programs	373,413	344,835	341,361	405,592	408,450	480,521	451,712	463,513	599,153
Total environmental health	7,599,710	8,249,535	9,487,227	11,514,617	11,940,592	13,812,910	15,482,673	14,943,546	15,845,691
Administration, operations and maintenance:									
General administration	6,782,530	8,015,188	9,482,739	10,639,343	12,478,025	13,832,831	17,816,365	14,873,041	13,879,437
Health cards	3,297,087	3,954,997	4,046,874	4,036,778	4,282,389	5,153,429	5,375,492	4,721,436	6,549,863
Health education	2,175,434	2,510,925	2,300,824	-	-	-	-	-	-
Disaster recovery	-	-	-	-	-	59,346	14,098	168,549	315,106
Vital records	1,000,621	1,128,119	1,250,675	1,411,725	1,511,914	1,734,859	1,521,507	1,438,658	1,537,187
Epidemiology	699,209	630,753	658,403	-	-	-	-	-	-
Emergency medical services	717,039	543,701	1,307,524	-	-	-	-	-	-
Public health response to bioterrorism	821,392	2,476,151	2,881,029	-	-	-	-	-	-
Total administration, operations and maintenance	15,493,312	19,259,834	21,928,068	16,087,846	18,272,328	20,780,465	24,727,462	21,201,684	22,281,593
Community health services:									
Administration	-	-	-	-	233,435	153,913	257,760	277,793	677,353
Health education	-	-	-	1,902,621	1,997,851	2,148,168	2,207,059	2,523,480	9,779,637
Epidemiology	-	-	-	1,000,324	1,440,716	1,220,115	1,164,790	1,120,337	1,322,758
Public health preparedness	-	-	-	4,018,104	3,541,232	4,154,798	4,400,431	8,859,153	4,782,010
Emergency medical services	-	-	-	613,169	667,957	689,888	842,260	711,375	703,006
Total community health services	-	-	-	7,534,218	7,881,191	8,366,882	8,872,300	13,492,138	17,264,764
Total governmental activities	43,422,029	54,391,155	58,868,595	58,957,213	63,438,318	68,488,249	75,329,981	75,209,106	80,869,880
Business-type Activities									
Southern Nevada Public Health Laboratory	-	-	1,150,860	1,387,608	1,547,881	1,674,398	2,252,506	2,369,892	2,368,140
Total business-type activities	-	-	1,150,860	1,387,608	1,547,881	1,674,398	2,252,506	2,369,892	2,368,140
Total primary government expenses	\$ 43,422,029	\$ 54,391,155	\$ 60,019,455	\$ 60,344,821	\$ 64,986,199	\$ 70,162,647	\$ 77,582,487	\$ 77,578,998	\$ 83,238,020

(continued)

**SOUTHERN NEVADA HEALTH DISTRICT
CHANGES IN NET ASSETS (CONTINUED)
LAST NINE FISCAL YEARS (UNAUDITED) ***

Table 2

	2003	2004	2005	2006	2007	2008	2009	2010	2011
REVENUES									
Governmental activities									
Charges for services									
Nursing:									
Communicable diseases	\$ 112,326	\$ 214,497	\$ 187,507	\$ 260,426	\$ 855,954	\$ 344,531	\$ 393,439	\$ 482,704	\$ 450,102
General nursing administration	521,470	425,023	87,812	98,682	97,604	99,875	26,079	22,895	1,975
Immunizations	1,963,980	2,826,583	2,719,250	3,581,220	3,215,235	3,419,535	3,450,964	3,325,161	2,542,668
Women's health	439,859	243,684	170,988	269,012	334,550	343,831	389,103	374,566	337,062
Children's health	32,344	33,638	138,488	112,003	146,272	432,722	707,089	809,788	317,577
Other nursing programs	328,111	399,520	679,940	425,572	478,711	253,555	188,642	-	-
Total nursing	3,398,090	4,142,945	3,983,985	4,746,915	5,128,326	4,894,049	5,155,316	5,015,114	3,649,384
Environmental health:									
Environmental health and sanitation	4,914,575	6,593,338	9,782,020	7,878,203	10,093,788	13,689,283	14,606,507	14,960,474	14,642,351
Waste management	394,608	509,587	1,081,251	1,340,543	1,293,396	1,236,729	1,055,990	1,189,143	1,761,819
Other environmental health programs	116,595	249,614	227,383	219,271	253,010	327,056	338,118	431,481	417,613
Total environmental health	5,425,778	7,352,539	11,090,654	9,438,017	11,640,194	15,253,068	16,000,615	16,581,098	16,821,783
Administration, operations and maintenance:									
General administration	-	-	68,614	20,855	-	17,826	-	-	-
Health cards	3,306,160	4,713,354	4,500,220	4,663,868	5,553,365	7,002,294	5,845,969	6,359,945	6,063,387
Health education	8,237	22,020	50,115	-	-	-	-	-	-
Vital records	1,193,994	1,609,040	1,723,585	1,967,574	2,295,817	2,711,505	2,572,061	2,479,891	2,554,939
Emergency medical services	28,448	59,541	82,075	-	-	-	-	-	-
Public health response for bioterrorism	-	-	11,023	-	-	-	-	-	-
Total administration, operations and maintenance	4,536,839	6,403,955	6,435,632	6,652,297	7,849,182	9,731,625	8,418,030	8,839,836	8,618,326
Community health services									
Health education	-	-	-	286	115,637	103,682	102,540	604,382	-
Epidemiology	-	-	-	-	-	-	-	-	450
Public health preparedness	-	-	-	-	365,821	13,905	-	4,494	-
Emergency medical services	-	-	-	63,266	109,808	76,431	87,889	83,996	93,127
Total community health services	-	-	-	63,552	591,266	194,018	190,429	692,872	93,577
Operating grants and contributions	12,801,289	19,146,745	19,103,517	19,170,520	17,852,732	19,867,705	19,015,920	25,481,110	27,731,291
Capital grants and contributions	1,463,851	3,790,235	3,443,914	134,964	-	-	-	-	-
Total governmental activities program revenues	27,625,847	40,836,419	44,057,702	40,206,265	43,061,700	49,940,465	48,780,310	56,610,030	56,914,361
Business--type activities									
Southern Nevada Public Health Laboratory									
Charges for services	-	-	8,000	13,725	-	-	-	-	-
Operating grants and contributions	-	-	1,169,547	816,891	1,075,360	1,434,266	1,654,486	1,368,633	1,415,460
Capital grants and contributions	-	-	-	22,125	227,875	-	-	-	-
Total business--type activities program revenues	-	-	1,177,547	852,741	1,303,235	1,434,266	1,654,486	1,368,633	1,415,460
Total primary government program revenues	27,625,847	40,836,419	45,235,249	41,059,006	44,364,935	51,374,731	50,434,796	57,978,663	58,329,821

(continued)

**SOUTHERN NEVADA HEALTH DISTRICT
CHANGES IN NET ASSETS (CONTINUED)
LAST NINE FISCAL YEARS (UNAUDITED) ***

Table 2

	2003	2004	2005	2006	2007	2008	2009	2010	2011
NET EXPENSE									
Governmental activities	\$ (15,796,182)	\$ (13,554,736)	\$ (14,810,893)	\$ (18,750,948)	\$ (20,376,618)	\$ (18,547,784)	\$ (26,549,671)	\$ (18,599,076)	\$ (23,955,519)
Business-type activities	-	-	26,687	(534,867)	(244,646)	(240,132)	(598,020)	(1,001,259)	(952,680)
Total primary government net expense	<u>(15,796,182)</u>	<u>(13,554,736)</u>	<u>(14,784,206)</u>	<u>(19,285,815)</u>	<u>(20,621,264)</u>	<u>(18,787,916)</u>	<u>(27,147,691)</u>	<u>(19,600,335)</u>	<u>(24,908,199)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS									
Governmental activities									
Consolidated county tax	16,450,000	17,440,001	18,670,000	20,330,000	22,450,600	25,473,000	28,182,950	24,942,525	21,406,846
State funding	832,229	508,257	477,078	-	-	-	-	-	-
Miscellaneous	133,739	87,239	26,517	169,198	-	17,043	18,615	12,423	25,871
Unrestricted investment earnings	316,124	186,360	357,976	658,511	1,006,472	1,552,946	1,633,740	958,966	961,355
Transfers	(9,715)	-	(973,050)	(1,031,631)	(526,928)	(1,064,673)	(1,502,813)	(1,516,204)	(2,650,861)
Total governmental activities	<u>17,722,377</u>	<u>18,221,857</u>	<u>18,558,521</u>	<u>20,126,078</u>	<u>22,930,144</u>	<u>25,978,316</u>	<u>28,332,492</u>	<u>24,397,710</u>	<u>19,743,211</u>
Business-type activities									
Unrestricted investment earnings	-	-	5,427	20,320	10,693	27,205	58,307	49,662	72,870
Gain(loss) on disposal of capital assets	-	-	-	-	-	(53,534)	-	-	-
Transfers	-	-	973,050	1,031,631	526,928	1,064,673	1,502,813	1,516,204	2,650,861
Total business-type activities	<u>-</u>	<u>-</u>	<u>978,477</u>	<u>1,051,951</u>	<u>537,621</u>	<u>1,038,344</u>	<u>1,561,120</u>	<u>1,565,866</u>	<u>2,723,731</u>
Total primary government	<u>17,722,377</u>	<u>18,221,857</u>	<u>19,536,998</u>	<u>21,178,029</u>	<u>23,467,765</u>	<u>27,016,660</u>	<u>29,893,612</u>	<u>25,963,576</u>	<u>22,466,942</u>
CHANGE IN NET ASSETS									
Governmental activities	1,926,195	4,667,121	3,747,628	1,375,130	2,553,526	7,430,532	1,782,821	5,798,634	(4,212,308)
Business-type activities	-	-	1,005,164	517,084	292,975	798,212	963,100	564,607	1,771,051
Total primary government	<u>\$ 1,926,195</u>	<u>\$ 4,667,121</u>	<u>\$ 4,752,792</u>	<u>\$ 1,892,214</u>	<u>\$ 2,846,501</u>	<u>\$ 8,228,744</u>	<u>\$ 2,745,921</u>	<u>\$ 6,363,241</u>	<u>\$ (2,441,257)</u>

Source: Southern Nevada Health District Finance Department (prepared using the modified accrual basis of accounting)

(*) Accrual-basis financial information for the District as a whole is available beginning in FY2003, the year that GASB statement 34 was implemented. Therefore, ten years of data is not yet available but will be accumulated over time.

**SOUTHERN NEVADA HEALTH DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (UNAUDITED)**

Table 3

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 ⁽¹⁾
General Fund										
Reserved	\$ 1,327,337	\$ 2,281,647	\$ 1,908,986	\$ 1,642,535	\$ 2,295,848	\$ 2,067,574	\$ 1,636,429	\$ 1,700,863	\$ 723,788	\$ -
Unreserved	4,680,558	4,909,859	9,222,634	13,541,705	15,797,637	19,528,050	26,595,141	25,177,271	31,685,852	-
Nonspendable	-	-	-	-	-	-	-	-	-	598,058
Assigned to other purposes	-	-	-	-	-	-	-	-	-	407,366
Unassigned	-	-	-	-	-	-	-	-	-	27,327,045
Total general fund	<u>\$ 6,007,895</u>	<u>\$ 7,191,506</u>	<u>\$ 11,131,620</u>	<u>\$ 15,184,240</u>	<u>\$ 18,093,485</u>	<u>\$ 21,595,624</u>	<u>\$ 28,231,570</u>	<u>\$ 26,878,134</u>	<u>\$ 32,409,640</u>	<u>\$ 28,332,469</u>
All Other Governmental Funds										
Reserved	\$ 237,674	\$ 97,638	\$ 81,246	\$ 207,213	\$ 252,803	\$ 147,190	\$ 507,542	\$ 603,261	\$ 401,413	\$ -
Unreserved reported in:										
Capital projects fund	1,633,277	394,369	315,574	350,936	243,172	(209,441)	917,291	954,261	3,288,521	-
Bond reserve fund	-	-	-	-	-	-	1,002,341	6,957,921	8,908,045	-
Committed to facility acquisition	-	-	-	-	-	-	-	-	-	10,627,219
Assigned to:										
Capital improvements	-	-	-	-	-	-	-	-	-	4,445,423
Other purposes	-	-	-	-	-	-	-	-	-	195,776
Total all other governmental funds	<u>\$ 1,870,951</u>	<u>\$ 492,007</u>	<u>\$ 396,820</u>	<u>\$ 558,149</u>	<u>\$ 495,975</u>	<u>\$ (62,251)</u>	<u>\$ 2,427,174</u>	<u>\$ 8,515,443</u>	<u>\$ 12,597,979</u>	<u>\$ 15,268,418</u>

(1) With GASB 54 becoming effective in the current year, there are new fund balance classifications. These new classifications are being applied prospectively.

Source: Southern Nevada Health District Finance Department (prepared using the modified accrual basis of accounting)

**SOUTHERN NEVADA HEALTH DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (UNAUDITED)**

Table 4

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
REVENUES										
Title XIX and fees for services	\$ 3,370,872	\$ 3,908,538	\$ 5,158,333	\$ 5,387,739	\$ 6,634,435	\$ 6,717,878	\$ 7,340,981	\$ 6,871,724	\$ 6,558,578	\$ 6,128,946
Regulatory services	9,030,793	8,760,386	12,125,434	15,404,706	13,915,381	16,793,854	22,538,791	22,028,715	23,142,972	22,978,296
Program contract services	746,677	691,783	615,672	717,826	350,965	1,618,959	2,652,518	2,644,428	2,835,603	2,308,693
State funding	3,560,426	2,492,792	2,485,091	2,176,201	3,251,839	1,879,920	1,149,301	1,067,270	987,147	979,488
Indirect federal grants	5,024,854	7,450,826	9,505,648	8,764,344	7,963,294	7,879,797	8,630,562	9,134,335	13,947,975	9,463,763
Direct federal grants	5,656,554	4,907,713	6,387,319	6,486,650	2,826,414	1,590,603	1,651,603	1,637,192	2,351,437	10,105,237
Contributions and donations	-	246,038	481,002	388,897	778,421	4,131	11,803	27,148	12,556	13,777
Property tax allocation	15,173,031	16,450,000	17,440,001	18,670,000	20,330,000	22,450,600	25,473,000	28,182,950	24,942,525	21,406,846
Other	637,499	449,863	273,599	384,493	819,558	1,002,861	1,581,990	1,633,181	965,975	970,298
	<u>43,200,706</u>	<u>45,357,939</u>	<u>54,472,099</u>	<u>58,380,856</u>	<u>56,870,307</u>	<u>59,938,603</u>	<u>71,030,549</u>	<u>73,226,943</u>	<u>75,744,768</u>	<u>74,355,344</u>
EXPENDITURES										
Nursing	16,712,894	20,027,209	21,849,327	21,942,229	18,955,239	18,917,693	19,221,694	20,834,398	20,003,301	19,527,890
Environmental health	6,645,453	7,471,690	7,972,691	9,376,173	11,282,987	11,989,911	13,572,009	15,242,682	14,875,882	14,901,773
Community health services	-	-	-	-	7,233,815	7,706,454	8,091,703	8,606,149	12,339,907	16,786,519
Administration, operations and maintenance	17,857,778	14,179,395	17,374,411	19,861,149	14,037,022	16,272,804	18,808,328	21,199,574	17,174,676	20,231,785
Capital outlay	1,086,037	4,159,747	3,430,743	2,014,306	1,761,244	1,580,900	946,771	906,512	627,100	1,363,248
	<u>42,302,162</u>	<u>45,838,041</u>	<u>50,627,172</u>	<u>53,193,857</u>	<u>53,270,307</u>	<u>56,467,762</u>	<u>60,640,505</u>	<u>66,789,315</u>	<u>65,020,866</u>	<u>72,811,215</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>898,544</u>	<u>(480,102)</u>	<u>3,844,927</u>	<u>5,186,999</u>	<u>3,600,000</u>	<u>3,470,841</u>	<u>10,390,044</u>	<u>6,437,628</u>	<u>10,723,902</u>	<u>1,544,129</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	-	600,000	3,329,458	3,608,993	2,843,967	2,331,920	3,398,434	6,822,857	4,435,702	3,768,357
Transfers out	-	(600,000)	(3,329,458)	(4,582,043)	(3,596,896)	(2,858,848)	(4,663,107)	(8,525,670)	(6,001,906)	(6,719,218)
Sale of capital assets	-	59,612	-	-	-	-	-	-	-	-
	<u>-</u>	<u>59,612</u>	<u>-</u>	<u>(973,050)</u>	<u>(752,929)</u>	<u>(526,928)</u>	<u>(1,264,673)</u>	<u>(1,702,813)</u>	<u>(1,566,204)</u>	<u>(2,950,861)</u>
NET CHANGE IN FUND BALANCES	<u>\$ 898,544</u>	<u>\$ (420,490)</u>	<u>\$ 3,844,927</u>	<u>\$ 4,213,949</u>	<u>\$ 2,847,071</u>	<u>\$ 2,943,913</u>	<u>\$ 9,125,371</u>	<u>\$ 4,734,815</u>	<u>\$ 9,157,698</u>	<u>\$ (1,406,732)</u>
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Southern Nevada Health District Finance Department (prepared using the modified accrual basis of accounting)

**SOUTHERN NEVADA HEALTH DISTRICT
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS (UNAUDITED)**

Table 5

Fiscal Year	Real Property		Personal Property		Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Total Assessed Value as a Percentage of Total Estimated Market Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value				
2002	\$ 32,205,771,521	\$ 92,016,490,060	\$ 4,284,553,454	\$ 12,241,581,297	\$ 36,490,324,975	0.6202	\$ 104,258,071,357	35.0%
2003	36,258,580,003	103,595,942,866	4,355,372,629	12,443,921,797	40,613,952,632	0.6202	116,039,864,663	35.0%
2004	39,852,173,918	113,863,354,051	4,774,487,190	13,641,391,971	44,626,661,108	0.6502	127,504,746,022	35.0%
2005	45,391,834,363	129,690,955,323	5,029,248,112	14,369,280,320	50,421,082,475	0.6502	144,060,235,643	35.0%
2006	61,060,915,772	174,459,759,349	5,787,270,132	16,535,057,520	66,848,185,904	0.6425	190,994,816,869	35.0%
2007	87,405,015,147	249,728,614,706	5,954,162,886	17,011,893,960	93,359,178,033	0.6416	266,740,508,666	35.0%
2008	102,349,025,402	292,425,786,863	6,300,900,438	18,002,572,680	108,649,925,840	0.6391	310,428,359,543	35.0%
2009	106,988,178,756	305,680,510,731	5,817,306,838	16,620,876,680	112,805,485,594	0.6391	322,301,387,411	35.0%
2010	86,961,001,865	248,460,005,329	4,772,231,316	13,634,946,617	91,733,233,181	0.6391	262,094,951,946	35.0%
2011	60,420,431,199	172,629,803,426	3,706,515,345	10,590,043,843	64,126,946,544	0.6391	183,219,847,269	35.0%

Source: Clark County Assessor's Office

Note: Property in Clark County is assessed each year at 35% of its estimated actual value

**SOUTHERN NEVADA HEALTH DISTRICT
PROPERTY TAX RATES* - ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS (UNAUDITED)**

Table 6

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
County direct rate	0.6202	0.6202	0.6502	0.6502	0.6425	0.6416	0.6391	0.6391	0.6391	0.6391
Clark County School District Rate	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034
State of Nevada Rate	0.1650	0.1650	0.1700	0.1850	0.1850	0.1850	0.1850	0.1850	0.1850	0.1850
City rates:										
Boulder City	0.2038	0.2038	0.2038	0.2038	0.1844	0.2038	0.2038	0.2188	0.2600	0.2600
Henderson	0.7108	0.7108	0.7108	0.7108	0.7108	0.7108	0.7108	0.7108	0.7108	0.7108
Las Vegas	0.7817	0.7809	0.7796	0.7792	0.7774	0.7777	0.7715	0.7715	0.7715	0.7715
Mesquite	0.3020	0.3020	0.3020	0.5520	0.5520	0.5520	0.5520	0.5520	0.5520	0.5520
North Las Vegas	1.1987	1.1987	1.1987	1.1987	1.1887	1.1687	1.1637	1.1637	1.1637	1.1637
Unincorporated town rates:										
Bunkerville	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200
Enterprise	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064
Glendale	0.0200	-	-	-	-	-	-	-	-	-
Indian Springs	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200
Laughlin	0.8416	0.8416	0.8416	0.8416	0.8416	0.8416	0.8416	0.8416	0.8416	0.8416
Moapa	0.2344	0.2344	0.2344	0.2344	0.2344	0.2344	0.2344	0.2344	0.2344	0.1094
Moapa Valley	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200
Mt. Charleston	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200
Paradise	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064
Searchlight	0.1232	0.1224	0.1153	0.1172	0.1223	0.1222	0.1212	0.1212	0.0600	0.0200
Spring Valley	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064
Summerlin	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064
Sunrise Manor	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064
Whitney (East Las Vegas)	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064
Winchester	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064
Other special district rates:										
Boulder City Library	0.1820	0.1655	0.1655	0.1640	0.1625	0.1555	0.1485	0.1485	0.1485	0.1595
Clark County Fire Services District	0.2197	0.2197	0.2197	0.2197	0.2197	0.2197	0.2197	0.2197	0.2197	0.2197
Coyote Springs Goundwater Basin	0.0711	0.0287	0.0402	0.0575	0.0522	0.0496	0.0520	0.0039	0.0018	0.0023
Las Vegas Metropolitan Police 911	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050
Henderson City Library	0.0507	0.0531	0.0535	0.0533	0.0533	0.0533	0.0582	0.0590	0.0581	0.0577
Kyle Canyon Water District	0.0487	0.0456	0.0417	0.0414	0.0351	0.0351	0.0346	0.0346	0.0346	0.0346
Las Vegas Artesian Basin	0.0022	0.0020	0.0018	0.0016	0.0013	0.0009	0.0008	0.0008	0.0011	0.0015
Las Vegas / Clark County Library District	0.0971	0.0949	0.0977	0.0958	0.0866	0.0866	0.0866	0.0866	0.0909	0.1011
Las Vegas Metropolitan Police - Manpower - City	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800
Las Vegas Metropolitan Police - Manpower - County	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800
Lower Moapa Groundwater Basin	-	-	-	-	-	-	-	-	0.0006	0.0008
Mt. Charleston Fire Service District	0.8813	0.8813	0.8813	0.8813	0.8813	0.8813	0.8813	0.8813	0.8813	0.8813
Muddy River Springs Area Groundwater Basin	0.1657	0.0970	0.0937	0.0899	0.0785	-	-	-	-	-
North Las Vegas Library District	0.0632	0.0632	0.0632	0.0632	0.0632	0.0632	0.0632	0.0632	0.0632	0.0632

* The State of Nevada constitution has a maximum rate limit of \$5 per \$100 of assessed value. Nevada Revised Statutes futher lower the limit to a total combined tax rate of \$3.64 per \$100 of assessed value.

Source - State of Nevada Department of Taxation's "Local Government Finance Redbook"

**SOUTHERN NEVADA HEALTH DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT AND NINE YEARS AGO (UNAUDITED)**

Table 7

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total County Assessed Value	Taxable Assessed Value	Rank	Approximate Percentage of Taxable Assessed Valuation
MGM Mirage	\$ 4,256,172,907	1	7.04%	\$ 1,545,549,220	1	4.80%
NV Energy	1,858,918,194	2	3.08%	687,984,440	4	2.14%
Harrah's Entertainment Incorporated	1,818,498,366	3	3.01%			
Las Vegas Sands Corporation	934,068,855	4	1.55%			
Wynn Las Vegas Limited Liability Company	679,025,458	5	1.12%			
Boyd Gaming Corporation	614,081,067	6	1.02%			
General Growth Properties	549,434,198	7	0.91%			
Station Casinos Incorporated	524,653,622	8	0.87%	306,203,500	7	0.95%
Universal Health Services Incorporated	200,196,877	9	0.33%			
Nevada Property 1 Limited Liability Company	194,862,163	10	0.32%			
Mandalay Resort Group				951,067,060	2	2.95%
Park Place Entertainment				905,636,760	3	2.81%
F.S. Rouse Limited Liability Company				374,321,520	6	1.16%
Venetian Casino Resort Limited Liability Company				387,458,540	5	1.20%
Harrah's Club				305,189,590	8	0.95%
Aladdin Gaming Limited Liability Company				258,769,660	9	0.80%
Sierra-Nevada Multifamily Investments				189,494,730	10	0.59%
	<u>\$ 11,629,911,707</u>		<u>19.25%</u>	<u>\$ 5,911,675,020</u>		<u>18.35%</u>
Countywide assessed valuation (real property)	<u>\$ 60,420,431,199</u>			<u>\$ 32,205,771,521</u>		

Source: Clark County Assessor's Office

Note: Taxable assessed value is 35% of appraised value.

**SOUTHERN NEVADA HEALTH DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS FOR ALL GOVERNMENTS
LAST TEN FISCAL YEARS (UNAUDITED)**

Table 8

Fiscal Fiscal Year	Net Secured Tax Roll Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections as a Percentage of Tax Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percentage of Current Levy
2002	\$ 965,056,788	\$ 949,315,930	98.37%	\$ 15,736,124	\$ 965,052,054	100.00%	\$ 4,734	0.00%
2003	1,132,959,429	1,118,892,620	98.76%	14,050,530	1,132,943,150	100.00%	16,279	0.00%
2004	1,262,337,653	1,251,864,740	99.17%	10,438,867	1,262,303,607	100.00%	34,046	0.00%
2005	1,449,273,775	1,439,911,686	99.35%	9,339,483	1,449,251,169	100.00%	22,606	0.00%
2006	1,639,440,075	1,632,191,297	99.56%	7,191,595	1,639,382,892	100.00%	57,183	0.00%
2007	1,927,504,172	1,909,964,723	99.09%	17,049,389	1,927,014,112	99.97%	490,060	0.03%
2008	2,180,151,410	2,144,481,519	98.36%	30,981,680	2,175,463,199	99.78%	4,688,211	0.22%
2009	2,359,508,218	2,310,905,968	97.94%	30,112,960	2,341,018,928	99.22%	18,489,290	0.78%
2010	2,267,778,838	2,216,524,825	97.74%	32,607,231	2,249,132,056	99.18%	18,646,782	0.82%
2011	1,770,127,142	1,736,374,718	98.09%	**	1,736,374,718	98.09%	**	**

Source: Clark County Treasurer

** Information is not yet available

**SOUTHERN NEVADA HEALTH DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN CALENDAR YEARS (UNAUDITED)**

Table 9

Calendar Year	County Population ⁽¹⁾	County Per Capita Personal Income ⁽²⁾	School Enrollment ⁽³⁾	Unemployment Rate ⁽⁴⁾
2002	1,560,653	42,243	244,684	6.18%
2003	1,620,748	43,756	255,328	5.31%
2004	1,715,337	45,793	268,357	4.80%
2005	1,796,380	49,565	280,834	4.00%
2006	1,874,837	33,414	291,510	3.90%
2007	1,954,319	39,853	302,763	4.30%
2008	1,967,716	39,920	308,745	5.50%
2009	1,952,040	36,711	311,221	9.18%
2010	1,968,831	**	309,476	15.00%
2011	**	**	309,126	13.80%

Sources:

- (1) Nevada State Demographer
- (2) NevadaWorkforce.com
- (3) Clark County School District (public school enrollment)
- (4) Nevada Department of Employment Security
- ** Information not currently available

**SOUTHERN NEVADA HEALTH DISTRICT
PRINCIPAL EMPLOYERS IN CLARK COUNTY
CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)**

Table 10

Name	2011			2002		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Clark County School District	35,000	1	4.36%	25,000	1	3.42%
Clark County, Nevada	8,250	2	1.03%	8,250	2	1.13%
Wynn Las Vegas, LLC	7,750	3	0.97%	-		
Bellagio, LLC	7,750	4	0.97%	-		
MGM Grand Hotel/Casino	7,750	5	0.97%	-		
Aria Resort and Casino, LLC	6,750	6	0.84%	-		
Mandalay Bay Resort and Casino	6,250	7	0.78%	-		
Las Vegas Metropolitan Police	5,750	8	0.72%	4,250	7	0.58%
Caesars Palace	5,250	9	0.65%	4,250	6	0.58%
University of Nevada - Las Vegas	5,250	10	0.65%	5,250	4	0.72%
The Mirage Casino Hotel	-			5,750	3	0.79%
Ballys and Paris Casino Hotels	-			-		
Rio Suite Hotel	-			4,250	8	0.58%
State of Nevada	-			4,750	5	0.65%
Luxor	-			3,750	9	0.51%
Treasure Island	-			3,750	10	0.51%
	<u>95,750</u>			<u>69,250</u>		
Total employment in Clark County as of June 30	<u>802,100</u>			<u>730,400</u>		

Source: State of Nevada - Department of Employment, Training and Rehabilitation

Note: Number of employees estimated using the midpoint of the range

**SOUTHERN NEVADA HEALTH DISTRICT
 FULL TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS (UNAUDITED)**

Table 11

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Nursing	195	203	205	204	205	162	177	172	163	166
Environmental Health	107	107	107	117	135	140	158	156	148	142
Community Health Services (A)	-	-	-	50	54	49	54	55	53	50
Administration, Operations and Maintenance	155	163	166	132	139	135	151	152	146	149
Southern Nevada Public Health Laboratory (B)	-	-	-	10	12	10	10	14	15	15
	<u>457</u>	<u>473</u>	<u>478</u>	<u>513</u>	<u>545</u>	<u>496</u>	<u>550</u>	<u>549</u>	<u>525</u>	<u>522</u>

Source: Southern Nevada Health District Finance Department

Notes:

(A) - The division for Community Health Services was established in January 2005

(B) - The southern Nevada Public Health Laboratory began operations in July 2004

**SOUTHERN NEVADA HEALTH DISTRICT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (UNAUDITED)**

Table 12

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Nursing										
Communicable diseases										
Reported diseases:										
Hepatitis A	26	17	7	13	15	4	4	11	12	8
Hepatitis B (Acute)	53	62	53	25	27	40	28	33	34	30
Influenza	59	207	58	182	202	95	270	528	528	485
Pertussis	23	22	16	30	22	15	24	6	12	29
Amebiasis	23	17	13	13	9	9	10	11	5	13
Campylobacteriosis	111	103	101	96	86	119	135	107	120	98
Escherichia coli 0157:H7	14	17	20	13	10	22	12	14	15	33
Giardiasis	119	94	74	73	82	71	94	75	67	60
Immunizations	432,829	447,255	390,295	343,883	310,514	270,326	273,662	302,982	200,142	202,936
Sexually-transmitted diseases:										
Syphilis	90	74	125	259	287	314	277	289	230	356
Gonorrhea	1,590	1,748	2,902	2,941	2,503	2,260	2,207	1,576	1,697	1,618
Chlamydia	4,748	4,437	4,692	6,209	5,812	7,276	7,773	7,681	8,414	8,029
People living with HIV	-	3,913	2,960	2,722	2,939	3,065	3,028	266	271	240
Diagnosed cases of AIDS	-	3,913	4,172	4,240	4,468	5,533	4,962	230	187	195
Environmental Health										
Food and beverage established inspections										
Routine	20,960	21,418	17,956	22,011	26,960	25,229	25,229	24,486	27,030	21,061
Special event	1,930	2,137	2,183	2,531	2,877	3,553	3,597	3,696	3,761	3,854
Complaint driven	1,804	1,742	1,668	1,995	1,942	2,370	1,800	1,517	1,409	1,690
Epi related	997	693	676	542	584	565	615	369	41	35
Community Health Services										
Emergency medical services										
Active certifications:										
First Responder	80	74	58	68	52	33	20	4	1	-
EMT - Basic	1,287	1,300	1,452	1,283	1,118	910	881	784	671	560
EMT - Intermediate	1,108	1,290	1,440	1,437	1,474	1,405	1,336	1,322	1,369	1,365
EMT - Paramedic	576	650	766	821	812	913	947	985	1,018	1,073
EMT - Instructors	256	272	286	300	356	382	389	383	356	353

(continued)

**SOUTHERN NEVADA HEALTH DISTRICT
OPERATING INDICATORS BY FUNCTION/PROGRAM (CONTINUED)
LAST TEN FISCAL YEARS (UNAUDITED)**

Table 12

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Community Health Services (continued)										
Epidemiology										
Reported diseases:										
Amebiasis	-	-	-	-	-	-	10	11	5	13
Coccidioidomycosis	39	33	55	62	58	57	63	50	56	81
Cryptosporidiosis	-	-	-	-	-	-	16	1	4	12
Invasive Group A Strep	-	-	-	-	-	-	26	11	-	1
Invasive Strep Pneumoniae	-	-	-	-	-	-	5	1	2	47
Legionellosis	-	-	-	-	-	-	10	11	17	11
Listeriosis	-	-	-	-	-	-	6	2	1	1
Lyme Disease	-	-	-	-	-	-	9	4	1	2
Meningitis, Aseptic/Viral	95	136	86	80	70	54	61	47	32	41
Meningitis, Bacterial	24	23	19	15	13	18	21	11	7	9
Meningococcal Disease	15	7	4	8	5	3	6	1	4	2
Rotavirus	459	442	673	579	647	356	290	104	90	59
RSV	2,078	1,415	1,195	1,564	1,556	1,234	1,139	1,049	1,225	1,320
Salmonellosis	176	121	129	144	132	220	166	175	172	188
Shigellosis	33	53	64	54	69	109	159	144	57	40
Administrative, Operations and Maintenance										
Health cards issued:										
New	-	59,029	64,398	67,421	77,781	70,607	64,288	45,492	42,200	39,442
Renewal	-	22,481	58,413	50,018	28,619	70,772	62,604	58,949	70,657	60,081
Other	-	8,336	12,003	12,966	29,822	10,828	11,378	9,950	9,450	8,835
Total	<u>126,196</u>	<u>89,846</u>	<u>134,814</u>	<u>130,405</u>	<u>136,222</u>	<u>152,207</u>	<u>138,270</u>	<u>114,391</u>	<u>122,507</u>	<u>108,358</u>
Vital records: ^(*)										
Births	23,980	24,093	26,292	28,060	29,070	30,589	30,362	19,860	19,613	19,042
Deaths	12,097	12,766	12,782	13,762	13,775	12,664	13,409	10,399	10,157	10,253

Source: Southern Nevada Health District Finance Department

Note: "-" indicates that information is not available for these periods

^(*) Amounts reported include only the number of certificates issued for births and deaths in the current fiscal year, and do not include duplicate or replacement certificates issued

**SOUTHERN NEVADA HEALTH DISTRICT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (UNAUDITED)**

Table 13

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Nursing	\$ -	\$ 2,035,173	\$ 3,029,633	\$ 1,435,565	\$ 1,635,917	\$ 1,734,328	\$ 1,791,734	\$ 1,797,575	\$ 1,620,435	\$ 1,620,333
Environmental Health	-	541,386	725,496	831,792	928,668	989,475	1,069,123	1,029,719	1,189,172	1,945,641
Community Health Services (A)	-	-	-	-	359,437	382,071	377,644	434,240	712,206	831,429
Administration, Operations and Maintenance	-	17,120,799	18,870,951	21,628,947	21,075,415	22,182,097	22,737,233	23,045,482	22,013,656	22,264,236
Southern Nevada Public Health Laboratory (B)	-	-	-	410,280	1,450,586	2,032,365	2,134,430	2,245,520	2,286,992	2,311,467
	<u>\$ 19,118,352</u>	<u>\$ 19,697,358</u>	<u>\$ 22,626,080</u>	<u>\$ 24,306,584</u>	<u>\$ 25,450,023</u>	<u>\$ 27,320,336</u>	<u>\$ 28,110,164</u>	<u>\$ 28,552,536</u>	<u>\$ 27,822,461</u>	<u>\$ 28,973,106</u>

Source: Southern Nevada Health District Finance Department

Notes:

- (A) - The division for community health services was established in January 2005
- (B) - The southern Nevada Public Health Laboratory began operations in July 2004
- "-" - Information not available

Compliance
SECTION



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Members of the District Board of Health
Southern Nevada Health District
Clark County, Nevada

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Southern Nevada Health District (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 18, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting. Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described as items 2011-1 and 2011-2 in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Members of the District Board of Health
Southern Nevada Health District
Clark County, Nevada

Compliance and other matters. As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts including whether the funds established by the District, as described in Nevada Revised Statutes (NRS) 354.624(5)(a)(1) – (5), complied with the express purposes required by NRS 354.6241. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that were reported to the District's management in a separate letter dated November 18, 2011.

This report is intended for the information and use of the District Board of Health, management of the District, federal awarding agencies and pass-through entities. However, this report is a matter of public record, and therefore, its distribution is not limited.

A handwritten signature in blue ink that reads "Percy Bowler Taylor" followed by a stylized flourish.

November 18, 2011

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Members of the District Board of Health
Southern Nevada Health District
Clark County, Nevada

Compliance. We have audited the compliance of the Southern Nevada Health District (the District) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance. Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency described as item 2011-3 in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

Schedule of Expenditures of Federal Awards. We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 18, 2011. Our audit was performed for the purpose of forming our opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of the District Board of Health, management of the District, federal awarding agencies and pass-through entities. However, this report is a matter of public record, and therefore, its distribution is not limited.

A handwritten signature in blue ink that reads "Percy Bowler Taylor" followed by a stylized flourish.

November 18, 2011

**SOUTHERN NEVADA HEALTH DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

Agency/Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Grant Pass-Through Number	Program or Award Amount	Federal Disbursements/ Expenditures
Department of Health and Human Services				
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:				
Public Health Emergency Preparedness	93.069*	3U90TP916964-10W1	\$ 2,561,161	\$ 2,193,840
Public Health Emergency Preparedness	93.069*	5U90TP916964-10	2,735,374	407,342
Public Health Emergency Preparedness	93.069*	3U90TP916964-10W1	713,948	526,799
Public Health Emergency Preparedness	93.069*	5U90TP916964-10	693,153	98,307
Public Health Emergency Preparedness	93.069*	1H75TP000337-01	5,159,989	175,985
Public Health Emergency Preparedness	93.069*	1H75TP000337-01	1,531,069	218,554
Public Health Emergency Preparedness	93.069*	1H75TP000337-01	719,061	571,597
Public Health Emergency Preparedness	93.069*	1H75TP000337-01	78,475	41,592
Public Health Emergency Preparedness	93.069*	1H75TP000337-01	1,247,997	738,829
				4,972,845
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:				
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	5U52PS907855-20	209,786	94,823
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	2U52PS907855-19	269,622	182,114
				276,937

See accompanying notes

(*) - Denotes a "major" program

**SOUTHERN NEVADA HEALTH DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Agency/Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Grant Pass-Through Number	Program or Award Amount	Federal Disbursements/ Expenditures
Department of Health and Human Services (Continued)				
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:				
Injury Prevention and Control Research and State and Community Based Community Based Programs	93.136	3U17CE001233-03W1	35,000	26,951
Injury Prevention and Control Research and State and Community Based Community Based Programs	93.136	3U17CE001233-03	70,000	21,048
Injury Prevention and Control Research and State and Community Based Community Based Programs	93.136	5U17CE924825-05	20,000	20,000
				<u>67,999</u>
Direct Program:				
Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	5H64EH000145-05	436,558	<u>385,703</u>
Direct Program:				
Family Planning Services	93.217	6FPHPA090159-40-03	1,422,853	609,223
Family Planning Services	93.217	6FPHPA090159-39-03	1,455,772	825,243
				<u>1,434,466</u>
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:				
Immunization Cluster:				
Immunization Grants	93.268*	5H23IP922549-09	614,311	316,843
Immunization Grants	93.268*	5H23IP922549-08	734,484	390,231
Total Immunization Cluster				<u>707,074</u>

See accompanying notes

(*) - Denotes a "major" program

**SOUTHERN NEVADA HEALTH DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Agency/Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Grant Pass-Through Number	Program or Award Amount	Federal Disbursements/ Expenditures
Department of Health and Human Services (Continued)				
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:				
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	3U50CI000489-03S4	17,000	14,047
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	3U50CI000489-03S3	17,650	15,838
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	3U50CI000489-03S4	127,065	24,177
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	3U50CI000489-03S3	135,065	91,986
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	PS08-80102	17,125	5,850
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5U58DP002003-03	160,000	12,852
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5U58DP002003-02	160,000	149,110
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5U58DP002003-02	30,800	30,800
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5U58DP002003-03	41,135	4,492
				<u>349,152</u>
Direct Program:				
Teenage Pregnancy Prevention Program	93.297	6TP1AH000024-01-01	997,257	<u>412,756</u>

See accompanying notes

(*) - Denotes a "major" program

**SOUTHERN NEVADA HEALTH DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Agency/Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Grant Pass-Through Number	Program or Award Amount	Federal Disbursements/ Expenditures
Department of Health and Human Services (Continued)				
Direct Program:				
Affordable Care Act - Communities Putting Prevention to Work	93.520	1U58DP002382-01	3,800,000	<u>389,127</u>
Passed through Nevada Department of Health and Human Services, Nevada State Health Division: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease and Emerging Infections Program Cooperative Agreements	93.521	1U50C1000900-01	47,238	<u>39,353</u>
Direct Program:				
ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement	93.724*	1U58DP002383-01	14,607,991	<u>7,159,383</u>
Passed through Nevada Department of Health and Human Services, Aging and Disability Services Division: ARRA-Communities Putting Prevention to Work: Chronic Disease Self-Management Program	93.725	03-008-93-YX-10	23,684	<u>21,209</u>
Passed through Nevada Department of Health and Human Services, Aging and Disability Services Division: Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	03-008-13-QX-11	710	<u>710</u>
Passed through Nevada Department of Health and Human Services, Nevada State Health Division: National Bioterrorism Hospital Preparedness Program	93.889*	6U3REP090220-02-01	1,196,413	1,092,866
National Bioterrorism Hospital Preparedness Program	93.889*	1U3REP070018-01-00	96,827	<u>1,171</u>
				<u>1,094,037</u>

See accompanying notes

(*) - Denotes a "major" program

**SOUTHERN NEVADA HEALTH DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Agency/Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Grant Pass-Through Number	Program or Award Amount	Federal Disbursements/ Expenditures
Department of Health and Human Services (Continued)				
Passed through Clark County, Nevada, Department of Social Services:				
HIV Emergency Relief Project Grants:	93.914*	Interlocal Agreement	1,433,125	398,801
HIV Emergency Relief Project Grants:	93.914*	Interlocal Agreement	1,384,636	983,378
				<u>1,382,179</u>
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:				
HIV Prevention Activities - Nongovernmental Organization Based	93.939	1H75PS002093-01	523,000	<u>275,803</u>
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:				
HIV Prevention Activities - Health Department Based	93.940	5U62PS923483-07	1,576,986	721,078
HIV Prevention Activities - Health Department Based	93.940	2U62/PS923483-06	1,536,574	870,051
				<u>1,591,129</u>
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:				
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	5U62PS001038-04	173,629	74,978
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	5U62PS001038-03	170,910	99,810
				<u>174,788</u>

See accompanying notes

(*) - Denotes a "major" program

**SOUTHERN NEVADA HEALTH DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Agency/Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Grant Pass-Through Number	Program or Award Amount	Federal Disbursements/ Expenditures
Department of Health and Human Services (Continued)				
Passed through Nevada Department of Employment, Training and Rehabilitation: Block Grants for Prevention and Treatment of Substance Abuse	93.959	B1 NVSAPT	448,238	<u>425,227</u>
Passed through Nevada Department of Health and Human Services, Nevada State Health Division: Preventive Health Services - Sexually Transmitted Diseases Control Grants:	93.977	5H25PS001382-03	75,570	42,394
Preventive Health Services - Sexually Transmitted Diseases Control Grants:	93.977	1H25PS001382-02	87,550	55,186
Preventive Health Services - Sexually Transmitted Diseases Control Grants:	93.977	5H25PS001392-03	179,437	70,716
Preventive Health Services - Sexually Transmitted Diseases Control Grants:	93.977	1H25PS001382-02	167,457	96,237
Preventive Health Services - Sexually Transmitted Diseases Control Grants:	93.977	5H25PS001382-03	234,653	102,186
Preventive Health Services - Sexually Transmitted Diseases Control Grants:	93.977	1H25PS001382-02	251,369	<u>140,137</u>
				<u>506,856</u>
Total Department of Health and Human Services				<u>21,666,733</u>

See accompanying notes

(*) - Denotes a "major" program

**SOUTHERN NEVADA HEALTH DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Agency/Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Grant Pass-Through Number	Program or Award Amount	Federal Disbursements/ Expenditures
Department of Homeland Security				
Passed through Clark County, Nevada, Office of Emergency Management and Homeland Security:				
Homeland Security Cluster:				
Homeland Security Grant Program	97.067	97067U10	853,755	220,431
Homeland Security Grant Program	97.067	97067U10	348,719	50,080
Total Homeland Security Cluster				<u>270,511</u>
Total Department of Homeland Security				<u>270,511</u>
Environmental Protection Agency				
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:				
State Public Water System Supervision	66.432	DEP-10-017	102,341	102,341
Passed through Nevada Department of Conservation and Natural Resources:				
Hazardous Waste Management State Program Support	66.801	DEP10-003	75,000	75,000
Passed through Nevada Department of Conservation and Natural Resources:				
Underground Storage Tank Prevention, Detection, and Compliance Program	66.804	L-97904501-0	190,000	<u>190,000</u>
Total Environmental Protection Agency				<u>367,341</u>
Total Federal Financial Assistance				<u>\$ 22,304,585</u>

See accompanying notes

(*) - Denotes a "major" program

SOUTHERN NEVADA HEALTH DISTRICT

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Southern Nevada Health District (the District) under programs of the federal government for the year ended June 30, 2011. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

3. Subrecipients

Of the federal expenditures presented in the Schedule, the Southern Nevada Health District provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided</u>
Childhood Lead Poisoning Prevention Projects State and Local Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	\$ 6,927
Family Planning Services	93.217	237,500
Affordable Care Act – Communities Putting Prevention to Work	93.520	109,342
ARRA-Prevention and Wellness – Communities Putting Prevention to Work Funding Opportunities Announcement	93.724	2,011,667
HIV Prevention Activities - Health Department Based	93.940	361,489
Preventive Health Services – Sexually Transmitted Diseases Control Grants	93.977	25,639
Total Payments to Subrecipients		<u>\$ 2,812,564</u>

4. Value of Noncash Awards Expended

The District received non-cash federal assistance in the form of vaccines through the State of Nevada Department of Health and Human Services, a recipient of the United States Department of Health and Human Services. The vaccines were distributed under the Immunization Cluster. The Immunization Grants, CFDA 93.268, provided vaccines with a noncash value of \$4,835,765. The ARRA – Immunization Grants, CFDA 93.712, provided vaccines with a noncash value of \$106,300.

SOUTHERN NEVADA HEALTH DISTRICT

Notes to Schedule of Expenditures of Federal Awards (Continued)

For the Year Ended June 30, 2011

5. American Recovery and Reinvestment Act Expenditures

As a recipient of American Recovery and Reinvestment Act (ARRA) funds, the District has agreed to separately identify the expenditures for Federal awards under ARRA on the Schedule by identifying those expenditures on separate lines by inclusion of the prefix “ARRA -“ in the name.

SOUTHERN NEVADA HEALTH DISTRICT

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2011

Section I – Summary of Auditors’ Results

Financial Statements:

Type of auditors’ report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	None reported

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	None reported
Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Type of auditors’ report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133	Yes

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>	
93.069	Public Health Emergency Preparedness	
93.268	Immunization Grants	
93.724	Prevention and Wellness- Communities Putting Prevention to Work (ARRA)	
93.889	National Bioterrorism Hospital Preparedness Program	
93.914	HIV Emergency Relief Projects Grants	
Dollar threshold used to distinguish between Type A and Type B programs		\$669,138
Auditee qualified as a low risk auditee under Section 530 of OMB Circular A-133		No

SOUTHERN NEVADA HEALTH DISTRICT
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2011

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States:

2011-1

Criteria	The review and approval of Daily Cash Reports (DCRs) should be documented and retained as evidence that the reviews were completed.
Condition/context	Out of 36 DCRs examined, four did not contain evidence of review and approval at each of the three levels in the review process (<i>i.e.</i> , some contained evidence of one or two levels of review, but not all three). In addition, two DCRs from the Mesquite clinic did not bear evidence of review and approval at any level.
Effect	Revenues may be under/overstated due to clerical errors or improper recognition. In addition revenues may be understated due to misappropriation, leading to unrecorded revenues.
Cause	The controls designed to provide reasonable assurance that DCRs are properly reviewed did not function as intended due to ineffective monitoring of compliance therewith.
Recommendation	We recommend that all levels of the review and approval process of DCRs be documented, and that such documentation be retained. We also recommend that additional review procedures be put in place to detect potential unrecorded revenues (for instance, reconciling the number of health cards issued against health card revenues). Lastly, we recommend that the Mesquite location discontinue the practice of accepting cash in order to reduce the risk of misappropriation of assets.
Management response	Management has informed us that staff has been instructed to ensure that verification and reconciliation of the DCR is evidenced by the signature of staff performing the function on the report. Additional measures were put in place to further serve as evidence of review: <ul style="list-style-type: none">a) The DCR packet includes the reconciliation of the cashier receipts and verification of cashiers coin, currency, credit card and check totals. This is completed by the Senior or Lead staff member.b) Only Leads, Senior's or Supervisors have access to the keys that Z-Out the cash registers needed to complete the cashier reconciliation on the DCR.c) Each plastic Health Card has a unique serial number and the number of cards issued to each site is maintained on a log. This will be compared to the number of Health Cards reported from WebHC and the DCR. A work request was sent to Information Technology (I.T.) section to create a report from WebHC to provide the number of cards issued for any particular day, and broken down by type of payment (cash, credit card, voucher).

SOUTHERN NEVADA HEALTH DISTRICT
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2011

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States (continued):

2011-1 (continued)

Management understands the responsibility to segregate duties and the importance of the DCR review process when the ability to do so is sufficient. Management must analyze the cost and benefit of implementing internal controls. Due to the low demand at the Mesquite location that serves a smaller community, management decided to maintain minimal staffing which makes this location incapable of having additional staff to do onsite review of the DCR. Management feels our responsibility to serve the public in this small community outweighs the risk of misappropriations of cash to the District.

SOUTHERN NEVADA HEALTH DISTRICT
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2011

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States (continued):

2011-2

Criteria	Invoices are reviewed for proper period recognition and accounting treatment.
Condition/context	Several maintenance agreements benefitting future periods were fully expensed in the current year, instead of being recorded as a prepaid expense and amortized over the future periods benefited.
Effect	The District's repairs and maintenance expense was overstated by approximately \$365,000, due to multi-year maintenance contracts being fully expensed in the year paid.
Cause	Ineffective review and approval of invoices prior to posting into the general ledger.
Recommendation	We recommend that all invoices be reviewed for proper period recognition and proper accounting treatment prior to being posted.
Management response	Management has informed us that they are aware of the requirement that invoices need to be reviewed for proper period recognition and accounting treatment. A Prepaid Expense policy was drafted and submitted to the Executive Team for review and approval. New procedures have been implemented to track and distinguish prepaid expenditures in the governmental and proprietary funds.

SOUTHERN NEVADA HEALTH DISTRICT
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2011

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a):

2011-3

Programs:	Ryan White Part A (CFDA #93.914).
Specific requirements:	Eligibility must be approved for all patients receiving care other than Early Intervention Services care (EIS) and Ambulatory care (AMB). EIS care is for services rendered in the six-month period after a patient receives care from the Ryan White grant.
Condition / context:	It was noted that services were rendered to an individual whose EIS care period had expired and for which the eligibility of the individual was not verified. It was also noted that a patient's file did not contain documentation of when the individual's EIS care period expired.
Questioned costs	Questioned costs are undeterminable but would be limited to a portion of the hourly wages of the employees who provide the services, the supplies consumed and a percentage of the overhead allocated to the grant program for the ineligible patient.
Effect	Services were provided to an individual whose eligibility was not approved.
Cause	Controls over the determination of participant eligibility did not function as intended, due to ineffective monitoring for compliance therewith.
Recommendation	Management should instruct personnel as to the importance of compliance with the requirements applicable to ensuring the eligibility of participants is determined prior to services being provided, and it should exercise additional control by monitoring such compliance.
Management response	<p>Management has informed us that Patient "A" engaged EIS services as of August 12, 2010. The patient was eligible under presumptive EIS eligibility for a period of six (6) months (until February 12, 2011) based on the definition of a newly identified/infected individual. It is documented that District staff referred patient to both AFAN and COMC for full RWA eligibility/recertification and the patient did not follow through.</p> <p>Staff continued to render services in an effort to keep this newly identified high acuity (young) patient in care. This individual had difficulty navigating new HIV diagnosis. Services rendered were an effort to keep in care services and direct patient toward a permanent medical home as part of the medical home screening initiatives and FAST program (Find, Assess, Screen, & Treat) recognized by the Grantee.</p>

SOUTHERN NEVADA HEALTH DISTRICT
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2011

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a):

2011-3 (Continued)

Patient “B” became eligible for EIS services on August 20, 2010, for a period of six (6) months. Patient B only received services during appropriate eligibility period and was voluntarily discharged prior to expiration date, as the predefined goals of the case plan had been met. Preliminary eligibility information was entered in the Annual (2010) tab; follow through to “Custom Annual” tab defining appropriate eligibility classifications (Part A Eligibility Agency/Review Date) was not completed. If Patient B reentered EIS for services, this person could be defined as returning to care and eligibility would be again initiated.

For purposes of correction and quality assurance of further incidents, as part of the CQM efforts of the District-funded Ryan White element, management will work with the grantee to develop specific eligibility reports to be run on a monthly basis for all clients served by the District. These reports are currently specific to the variables or circumstances identified as part of these findings. Monthly monitoring will ensure timely and accurate correction of errors and/or omissions thus limiting the likelihood of offering client services to pending, ineligible or expiring clients.

SOUTHERN NEVADA HEALTH DISTRICT

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2011

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States:

2010-1-FS

Criteria	The District should have controls over the financial reporting process that enable it to produce timely, reliable financial statements in accordance with generally accepted accounting principles. Strong yearend closing procedures performed by supervisory-level personnel are key to identifying all the required adjustments. Such procedures as review of the financial statement balances, which includes review of the general ledger, detail subsidiary ledgers, account detail, reconciliations, and other supporting schedules are critical components to an effective year-end close..
Condition/context	<p>During the prior year audit, the auditors identified that the year-end close procedures were not being performed sufficiently to post all required year-end accruals and adjustments. As a result, several audit adjustments were needed to correct the errors:</p> <p>Additionally, the prior auditors noted that the schedule of expenditures of federal awards was not prepared correctly. There were two grant amounts totaling \$261,347 missing from the District's schedule. These grants were identified as a part of our audit process and have been added to the final schedule of expenditures of federal awards.</p>
Effect	Lack of controls over the financial reporting process increases the likelihood that management and other financial statement users will rely on faulty information to make important decisions about the entity.
Cause	The District does not have a comprehensive year-end close procedure to assist the accounting personnel in performing their duties. Additionally, it appears that the District does not have a strong on-the-job training program to develop its accounting personnel to take on greater responsibilities at the time they are promoted.
Recommendation	The District should provide the necessary on-the-job training and continuing education to its accounting personnel with responsibility for the financial reporting process. Additionally, the District should develop a comprehensive year-end close procedure with written instructions and checklists.
Status	Corrected

SOUTHERN NEVADA HEALTH DISTRICT
Summary Schedule of Prior Audit Findings (continued)
For the Year Ended June 30, 2011

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a):

2010-1

Programs:	National Bioterrorism Hospital Preparedness Program - CFDA 93.889; all grant numbers and grant periods reported for this CFDA on the schedule of expenditures of federal awards
Specific requirements:	The Department of Health and Human Services FY09 Hospital Preparedness Program Funding Opportunity Announcement indicates that the federal funding for this grant must be matched by nonfederal contributions in an amount not less than 5% for FY09 and not less than 10% in subsequent years. OMB Circular A-133 states that there should be internal controls in place over matching requirements to provide reasonable assurance that matching requirements are met using only allowable funds or costs which are properly calculated and valued.
Condition / context:	The program has not complied with this internal control requirement. During prior year testing, it was noted that while the program staff knew of the matching requirement, finance department personnel were not notified. Because of this, no monitoring procedures were performed to ensure compliance with the 5% match requirement. However, it should be noted that the match requirement was met.
Questioned costs	Questioned costs are undeterminable but would be limited to a portion of the hourly wages of the employees who provide the services, the supplies consumed and a percentage of the overhead allocated to the grant program for the ineligible patient.
Effect	Without effective monitoring procedures in place, the District could be out of compliance with the matching requirements in future years, especially since the matching percentage is doubling from 5% to 10% in FY10.
Cause	There appears to be a lack of communication regarding the program requirements between the program personnel and finance department personnel.
Recommendation	The District should consider modifying its policies and procedures to include enhanced communication when a new grant is received. There should be a mechanism in place to ensure that all responsible parties fully understand the requirements of the grant and their roles in ensuring compliance with those requirements.
Status	Corrected