

FISCAL YEAR  
2012

SOUTHERN NEVADA HEALTH DISTRICT

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



**SOUTHERN NEVADA HEALTH DISTRICT  
CLARK COUNTY, NEVADA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
Fiscal Year Ended June 30, 2012

---

---

Report Prepared By:  
Administration Division, Financial Services Section  
Southern Nevada Health District  
330 S. Valley View Boulevard  
Las Vegas, NV 89107

John Middaugh, MD  
Interim Chief Health Officer

---

---

# TABLE OF CONTENTS

# SOUTHERN NEVADA HEALTH DISTRICT

## TABLE OF CONTENTS JUNE 30, 2012

---

	<u>Page</u>
Introductory Section	
Letter of Transmittal	1
District Officials	9
Organization Chart	10
Certificate of Achievement	11
Financial Section	
Independent Auditors' Report on Financial Statements and Supplementary Information	12
Management's Discussion and Analysis	14
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	28
Statement of Activities	29
Fund Financial Statements	
Balance Sheet - Governmental Funds	31
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position - Governmental Activities	32
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	33
Reconciliation of the Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities - Governmental Activities	34
Statement of Net Position - Proprietary Funds	35
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	36
Statement of Cash Flows - Proprietary Funds	37
Statement of Net Position - Fiduciary Funds	38
Notes to Basic Financial Statements	39
Required Supplementary Information	
Schedule of Funding Progress - Postemployment Benefits Other Than Pensions	59
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	60
Notes to Required Supplementary Information	61
Other Supplementary Information	
Major Governmental Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Bond Reserve Fund	62
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Capital Projects Fund	63
Proprietary Funds	
Major Enterprise Fund	
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual - Southern Nevada Public Health Laboratory Fund	64
Internal Service Fund	
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual - Insurance Liability Reserve Fund	65
Fiduciary Funds	
Agency Fund	
Statement of Fiduciary Assets and Liabilities	66
Statement of Changes in Fiduciary Assets and Liabilities	67
Capital Assets	
Schedule of Governmental Fund Capital Assets - By Source	68
Schedule of Governmental Fund Capital Assets - By Function and Activity	69
Schedule of Changes in Governmental Fund Capital Assets - By Function and Activity	70

# SOUTHERN NEVADA HEALTH DISTRICT

## TABLE OF CONTENTS (CONTINUED) JUNE 30, 2012

---

	<u>Page</u>
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 <i>Government Auditing Standards</i>	71
Statistical Section	
Financial Trends	
Table 1 - Net Position by Component	73
Table 2 - Changes in Net Position	74
Table 3 - Fund Balances	77
Table 4 - Changes in Fund Balances	78
Revenue Capacity	
Table 5 - Assessed and Estimated Actual Value of Taxable Property	79
Table 6 - Property Tax Rates - All Direct and Overlapping Governments	80
Table 7 - Principal Tax Payers	81
Table 8 - Property Tax Levies and Collections - All Governments	82
Demographic and Economic Information	
Table 9 - Demographic and Economic Statistics	83
Table 10 - Principal Employers in Clark County	84
Operating Information	
Table 11 - Full-time Equivalent Employees by Function and Program	85
Table 12 - Operating Indicators by Function and Program	86
Table 13 - Capital Assets by Function and Program	88
Single Audit Information	
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 and Schedule of Expenditures of Federal Awards	89
Schedule of Expenditures of Federal Awards	92
Notes to Schedule of Expenditures of Federal Awards	98
Schedule of Findings and Questioned Costs	99
Schedule of Prior Findings and Questioned Costs	108

# INTRODUCTORY SECTION



November 27, 2012

To the Honorable Members of the Board of Health and Citizens of the Southern Nevada Health District:

The Comprehensive Annual Financial Report (CAFR) of the Southern Nevada Health District, Clark County, Nevada, for the fiscal year ended June 30, 2012, 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 14 for an overview of SNHD's financial position and result of operations.

## **PROFILE OF THE GOVERNMENT**

Established pursuant to Nevada Revised Statutes Chapter 439, the Southern Nevada Health District's mission is to protect and promote the health, the environment and the well being of Southern Nevada residents and visitors. It is one of the largest local public health districts in the nation. It serves a population of 1.9 million representing 72 percent of the state's population and an average of 471,201 tourists daily, with a staff of approximately 500 employees working in four divisions. In furtherance of its mission, public health services are available to everyone, regardless of income.

The Southern Nevada Health District is governed by a 14-member policy-making board composed of:

- Two elected officials each from the Board of County Commissioners and the largest city in Clark County (City of Las Vegas)
- One elected representative from each of the four remaining jurisdictions in the county (Boulder City, Henderson, Mesquite and North Las Vegas)
- Six at-large members selected by the Board and meeting the following specifications:
  - a) Two representatives who are physicians licensed to practice medicine in this State, one of whom is selected on the basis of education, training, experience or demonstrated abilities

in the provision of health care services to members of minority groups and other medically underserved populations.

- b) One representative who is a registered nurse licensed to practice in Nevada.
- c) One representative with a background or expertise in environmental health or environmental health services.
- d) One representative of a nongaming business or from a business or industry that is subject to regulation by the health district.
- e) One representative of the association of gaming establishments whose membership in the county collectively paid the most gross revenue fees to the State pursuant to NRS 463.370 in the preceding year, who must be selected from a list of nominees submitted by the association. If no such association exists, the representative selected pursuant to this subparagraph must represent the gaming industry. Information about the gaming member was added during the 2011 Legislative session.

As such, it represents a unique consolidation of the public health needs of Boulder City, Henderson, Las Vegas, Mesquite, North Las Vegas and Clark County, as well as minority groups, medically underserved populations, and local business and industry, into one regulating body.

Members of the District Board of Health serve terms of two years. Vacancies must be filled in the same manner as the original selection for the remainder of the unexpired term. Members serve without additional compensation for their services, but are entitled to reimbursement for necessary expenses for attending meetings or otherwise engaging in the business of the board.

The Southern Nevada District Board of Health, through policy development and direction to staff, identifies public health needs and, on behalf of residents, tourists and visitors, establishes priorities for the conduct of comprehensive public health programs which include the promotion of environmental health, exclusive of air quality matters, maternal and child health, control of communicable diseases and the promotion of the well-being of Clark County residents and visitors.

## **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 of Health 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 or 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 skilled and qualified professional 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 1,988,492 in 2012. This reflects a population increase of 1.1 percent over the 2011 estimate of 1,967,722. Growth is expected to continue. This will bring Clark County's population to 2,012,956 in 2013 and 2,039,262 in 2014.

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. According to the Nevada Workforce Informer, the unemployment rate in Nevada was reported at 11.6 percent as of June, 2012 compared to 14.0 percent a year ago and is above the national unemployment average rate of 8.0 percent. Clark County's unemployment rate of 12.2 percent represents the highest in the state of Nevada and is 4.2 percent 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. In April, 2012 the building was deemed structurally unsound. There is no bracing and ties on the walls to provide lateral capacity in addition to the lack of a functioning diaphragm. When the structural engineering analysis of the building was completed, it was determined that it was not just marginally less than what the building code determined as minimally safe, but rather grossly less than minimally safe thus, the architects and engineers recommended that the building not be occupied at that point.

The cost of additional leased space for the expansion of required programs and the replacement of the Main facility campus will markedly increase SNHD's operational expenses. In addition, constructing a new facility would be prohibitively expensive at this time. 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 \$11,220,701. 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 opened a new Public Health Center in the North Las Vegas location. 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 4 percent in 2011 to 38,928,700 an increase of 1,593,300 visitors over the 2010 total of 37,335,400; but, a decrease of 268,061 or 0.7 percent from a pre-recession 2007 total of 39,196,761. As of August 2012, visitor volume is 1.8 percent greater than the same period as last year.

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 persuade banks to start making loans again. The median existing home prices fell 8.8% to \$112,300 in 2011.

In FY 2012, the County collected total property tax of \$1.6 billion within the same year the tax was levied – a decrease of 9 percent or \$159.5 million from FY 2011. In comparison, SNHD's property tax allocation in FY 2011 decreased by 73% or \$15.7 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 Charges for Service, Regulatory Revenue, Program Contract Services, State Funding, Federal Funds distributed by State, General Receipts, and Property Tax allocation from the County.

Clark County gross gaming revenue for 2011 was \$9,222,680. This reflects a 3.5 percent increase over the 2010 total of \$8,908,630; but, a decrease of \$1,645,874 or 15 percent over pre-recession 2007 total revenue of \$10,868,554.

## **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 are invested by the Clark County Treasurer. At fiscal year end June 30, 2012, \$37,060,822 in cash resources was invested with the Clark County Treasurer. The average effective yield on maturing investments was 1.74% compared with 1.93% 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 2012 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 12. 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 on pages 71-72 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, 2010 and 2011. See page 11 for the FY 2011 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 SNHD's 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,

---

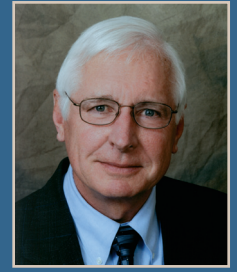
Rory Chetelat, MA  
Interim Director, Administrative Services

---

John Middaugh, MD  
Interim Chief Health Officer

## INTERIM CHIEF HEALTH OFFICER

John Middaugh, MD



## DISTRICT OFFICIALS



## BOARD OF HEALTH

### 2012 BOARD MEMBERS

*(Pictured Above)* Sam Bateman, Henderson City Councilman; Bob Beers, City of Las Vegas Councilman; Jim Christensen, MD; Physician Member at Large; Chris Giunchigliani, Clark County Commissioner; **CHAIR** Tim Jones, Business/Industry Member at Large; Allan Litman, Mesquite City Councilman; Nancy Menzel, Registered Nurse Member at Large; Bill Noonan, Gaming Member at Large; John Onyema, MD, CPE, Physician Member at Large; Mary Beth Scow, Clark County Commissioner; Lois Tarkanian, Las Vegas City Councilwoman; **SECRETARY** Jimmy Vigilante, Environmental Specialist Member at Large; Anita Wood, North Las Vegas City Councilwoman; Rod Woodbury, Boulder City Councilman.

### 2012 ALTERNATES

*(Not Pictured)* Kam Brian, Business/Industry Member at Large; Michael Collins, RN, Registered Nurse Member at Large; Susan Crowley, Environmental Member at Large; Pamela Goynes-Brown, North Las Vegas Councilwoman; Karl Gustaveson, Mesquite City Councilman; Joe Hardy, MD, Physician Member at Large; Peggy Leavitt, Boulder City Councilwoman; John Marz, Henderson City Councilman; Frank Nemec, MD, Physician Member at Large; Steven Ross, Las Vegas City Councilman; Stan Smith; Gaming Member at Large; Lawrence Weekly, Clark County Commissioner.

## DIVISION DIRECTORS

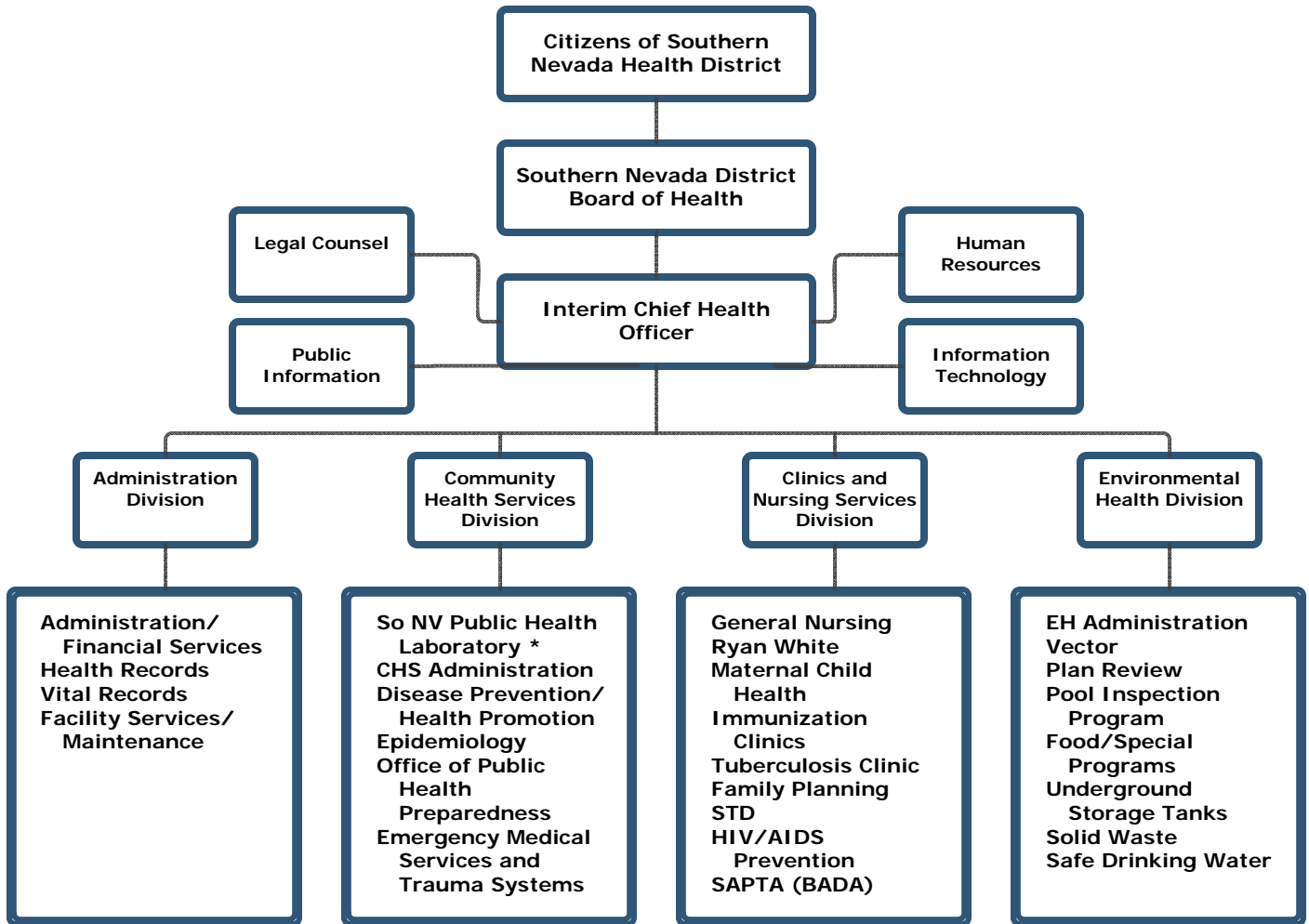
ADMINISTRATION  
Rory Chetelat, MA (Interim)

COMMUNITY HEALTH  
Tom Coleman, MD

CLINICS & NURSING  
SERVICES  
Bonnie Sorenson, RN

ENVIRONMENTAL  
HEALTH  
Glenn Savage

**SOUTHERN NEVADA HEALTH DISTRICT  
ORGANIZATION CHART  
FISCAL YEAR ENDING JUNE 30, 2012**



\*The Southern Nevada Public Health Laboratory (SNPHL) opened in July 2004 as a branch of the Nevada State Health Laboratory (NSHL) and is under the technical direction of University of Nevada School of Medicine (UNSOM) 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, 2011

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

**P B T K**

**PIERCY BOWLER  
TAYLOR & KERN**

Certified Public Accountants  
Business Advisors

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

Board of Health  
Southern Nevada Health District  
Las Vegas, 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, 2012, 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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, assessing the accounting principles used and 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 the District, as of June 30, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2012, 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.

Accounting principles generally accepted in the United States require that the management's discussion and analysis, schedule of funding progress - postemployment benefits other than pensions and budgetary comparison information on pages 14-27 and 59-61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of the District's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the other supplementary information, as listed in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section and statistical section are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Piercy Bowler Taylor & Lane*

November 16, 2012

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## SOUTHERN NEVADA HEALTH DISTRICT Management's Discussion and Analysis

As members of the Southern Nevada Health District's Leadership Team, we offer the readers of the Southern Nevada Health District (SNHD) financial statements this narrative overview and analysis of the financial activities of the SNHD for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-8 of this report.

### Financial Highlights

- SNHD's assets exceeded its liabilities at the close of the most recent fiscal year by \$29,743,332 (*net position*). Of this amount, \$19,686,051 represents unrestricted net position, which may be used to meet the government's on-going obligations to citizens and creditors.
- The SNHD's total net position decreased from the \$18,007,226 from the prior year, as restated, because of a reduction in the property tax allocation from the County.
- At the close of the current fiscal year, the SNHD's governmental funds reported combined fund balances of \$32,129,338, a decrease of \$13,189,157 in comparison with the prior year as restated. Approximately 39% of this amount or \$12,374,570 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$12,374,570, or approximately 18% of the total general fund expenditures.
- The Bond Reserve Fund ending fund balance of \$11,220,701 was 6% or \$593,482 greater than the prior year balance of \$10,627,219 due to fund transfer made from general fund and interest income earned.
- The Capital Projects Fund ending fund balance of \$7,526,560 was 62% or \$2,885,361 greater than the prior year balance of \$4,641,199 due to fund transfer made from general fund and interest income earned.

### Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Southern Nevada Health District's (SNHD) basic financial statements. The SNHD's basic financial statements consist of three components:

- a) Government-wide financial statements,
- b) Fund financial statements, and
- c) Notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

## ***Government-wide Financial Statements***

The *government-wide financial statements* are designed to provide readers with a broad overview of the SNHD's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the SNHD's net position changed during the most recent fiscal year. All changes in net position 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 expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the SNHD that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of SNHD are comprised of the following divisions:

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

*The government-wide financial statements can be found on pages 28-30 of this report.*

## ***Fund Financial Statements***

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The SNHD, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the SNHD can be divided into three categories:

- a) Governmental funds,
- b) Proprietary funds, and
- c) Fiduciary funds.

***Governmental Funds.*** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements.



However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The SNHD maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the bond reserve funds, and the capital projects fund, which are considered to be major funds.

The SNHD adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

*The basic governmental fund financial statements can be found on pages 31-34 of this report.*

**Proprietary Funds.** The SNHD maintains two different types of proprietary funds:

- a) *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The SNHD uses Southern Nevada Public Health Laboratory (SNPHL) to account for its public health laboratory operation.
- b) *Internal service funds* are an accounting device used to accumulate and allocate costs internally among various functions. The SNHD uses internal service fund to account for the management of its 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.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Southern Nevada Public Health Laboratory (SNPHL). Individual fund data for the internal service fund is provided in the individual fund statements and schedules section of this report.

*The basic proprietary fund financial statements can be found on pages 35-37 of this report.*

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds *are* not available to support the SNHD's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The SNHD maintains one type of fiduciary fund. The *Retiree Health Insurance Fund* is used to report resources held in trust for retirees as required by the terms of

the Collective Bargaining Agreement with the 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.

*The fiduciary fund financial statements can be found on page 38 of this report.*

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

*The notes to the financial statements can be found on pages 39-58 of this report.*

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the SNHD’s progress in funding its obligation to provide pension and OPEB benefits to its employees.

*Required supplementary information can be found on pages 59-61 of this report.*

### Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government’s financial position. In the case of the SNHD, assets exceeded liabilities by \$29,743,332, at the close of the most recent fiscal year.

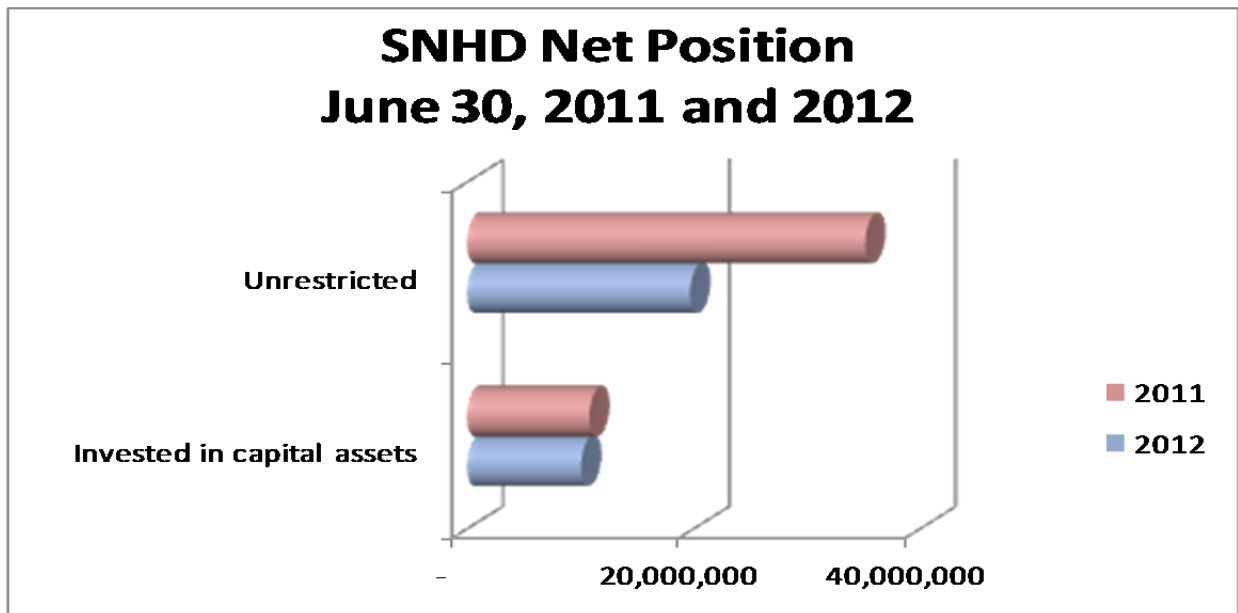
### Southern Nevada Health District’s Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets-Unrestricted	\$ 36,718,302	\$ 50,814,949	\$ 4,467,930	\$ 5,498,629	\$ 41,186,232	\$ 56,313,578
Current and other assets-Restricted	102,112				102,112	-
Capital Assets	9,194,971	9,816,149	862,310	966,051	10,057,281	10,782,200
<b>Total Assets</b>	<b>46,015,385</b>	<b>60,631,098</b>	<b>5,330,240</b>	<b>6,464,680</b>	<b>51,345,625</b>	<b>67,095,778</b>
Long-term liabilities	17,117,560	13,900,317	538,867	411,600	17,656,427	14,311,917
Other liabilities	3,809,993	6,612,212	135,873	138,699	3,945,866	6,750,911
<b>Total Liabilities</b>	<b>20,927,553</b>	<b>20,512,529</b>	<b>674,740</b>	<b>550,299</b>	<b>21,602,293</b>	<b>21,062,828</b>
<b>Net Position:</b>						
Invested in capital assets	9,194,971	9,816,149	862,310	966,051	10,057,281	10,782,200
Restricted		101,653				101,653
Unrestricted	15,892,861	30,200,767	3,793,190	4,948,330	19,686,051	35,149,097
<b>Total Net Position</b>	<b>\$ 25,087,832</b>	<b>\$ 40,118,569</b>	<b>\$ 4,655,500</b>	<b>\$ 5,914,381</b>	<b>\$ 29,743,332</b>	<b>\$ 46,032,950</b>

Total Unrestricted Net Position represents 66.2% of the Total Net Position of governmental activities and is available to meet the SNHD’s ongoing obligations to citizens and creditors. By far, the next largest portion of the SNHD’s net position (33.8%) reflects its investment in capital

assets (e.g., land, buildings, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The SNHD uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the SNHD’s investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, SNHD is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.



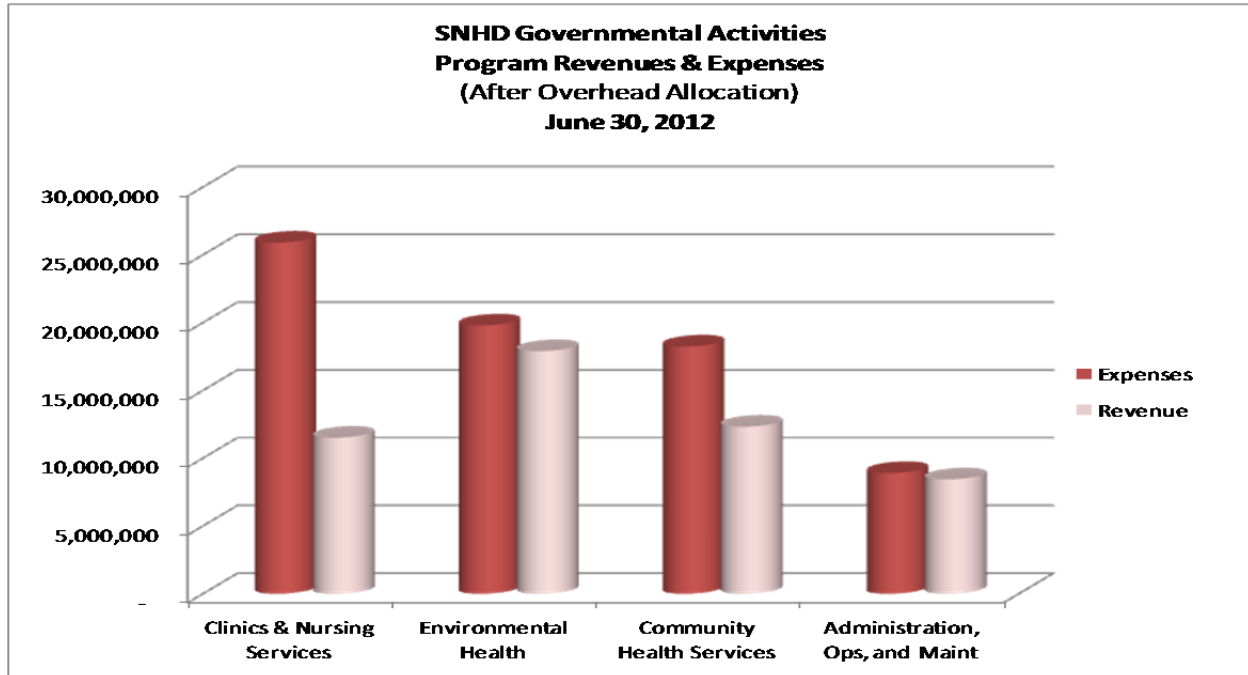
However, SNHD’s overall net position decreased \$18,007,226 from the prior fiscal year as restated. The reasons for this overall decrease are discussed in the following sections for the governmental activities and business-type activities.

**Governmental Activities.** During the current fiscal year, net position for governmental activities decreased \$16,748,345 from the prior fiscal year (as restated) to an ending balance of \$25,087,832. The decrease in the overall net position of governmental activities is primarily the result of a \$15,714,312 reduction in the property tax allocation from the County.

## Southern Nevada Health District's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 30,563,097	\$ 29,183,070			\$ 30,563,097	\$ 29,183,070
Operating grants and contributions	19,600,974	27,731,291	\$ 1,160,177	\$ 1,415,460	20,761,151	29,146,751
General revenues:						-
Property Tax Allocation	5,692,534	21,406,846			5,692,534	21,406,846
General receipts	(3,219)	25,871	(2,678)		(5,897)	25,871
Unrestricted Investment earnings	755,742	961,355	93,317	72,870	849,059	1,034,225
Total Revenues	56,609,128	79,308,433	1,250,816	1,488,330	57,859,944	80,796,763
Expenses:						
Nursing and Clinical Services:						
Communicable diseases	7,651,569	7,907,690			7,651,569	7,907,690
General nursing administration	2,841,367	2,622,911			2,841,367	2,622,911
Immunizations	5,234,679	10,259,728			5,234,679	10,259,728
Women's health	2,791,319	2,255,969			2,791,319	2,255,969
Children's health	2,447,825	2,431,534			2,447,825	2,431,534
Indirect Cost Allocation	4,940,210	-			4,940,210	-
Total Nursing	25,906,969	25,477,832	-	-	25,906,969	25,477,832
Environmental Health:						
Environmental health and sanitation	12,937,138	12,767,225			12,937,138	12,767,225
Waste management	2,553,745	2,479,313			2,553,745	2,479,313
Other environmental health programs	685,653	599,153			685,653	599,153
Indirect Cost Allocation	3,615,358	-			3,615,358	-
Total Environmental Health	19,791,894	15,845,691	-	-	19,791,894	15,845,691
Community Health:						
Administration	1,266,661	677,353			1,266,661	677,353
Health education	8,587,683	9,779,637			8,587,683	9,779,637
Epidemiology	1,156,060	1,322,758			1,156,060	1,322,758
Public health response for bioterrorism	3,204,142	4,782,010			3,204,142	4,782,010
Emergency medical services	661,575	703,006			661,575	703,006
Indirect Cost Allocation	3,365,266	-			3,365,266	-
Total Community Health Services	18,241,387	17,264,764	-	-	18,241,387	17,264,764
Administration:						
General administration	-	13,879,437			-	13,879,437
Health cards	5,222,816	6,549,863			5,222,816	6,549,863
Disaster recovery	425,763	315,106			425,763	315,106
Vital records	1,536,027	1,537,187			1,536,027	1,537,187
Indirect Cost Allocation	1,720,846	-			1,720,846	-
Total Administration	8,905,452	22,281,593	-	-	8,905,452	22,281,593
Southern Nevada Public Health Laboratory	-	-	2,486,743	2,368,140	2,486,743	2,368,140
Indirect Cost Allocation	-	-	534,725	-	534,725	-
Total Southern Nevada Public Health Laboratory	-	-	3,021,468	2,368,140	3,021,468	2,368,140
Total Expenses before transfers	72,845,702	80,869,880	3,021,468	2,368,140	75,867,170	83,238,020
Gain(Loss) on Disposal of Capital Assets	-	-	-	-	-	-
Excess(deficiency) before transfers	(16,236,574)	(1,561,447)	(1,770,652)	(879,810)	(18,007,226)	(2,441,257)
Transfers	(511,771)	(2,650,861)	511,771	2,650,861	-	-
Change in Net assets	(16,748,345)	(4,212,308)	(1,258,881)	1,771,051	(18,007,226)	(2,441,257)
Prior period adjustment	1,717,608				1,717,608	-
Net Assets-beginning of year	40,118,569	44,330,877	5,914,381	4,143,330	46,032,950	48,474,207
Net Assets-end of year	\$ 25,087,832	\$ 40,118,569	\$ 4,655,500	\$ 5,914,381	\$ 29,743,332	\$ 46,032,950

## Expenses and Program Revenues – Governmental Activities



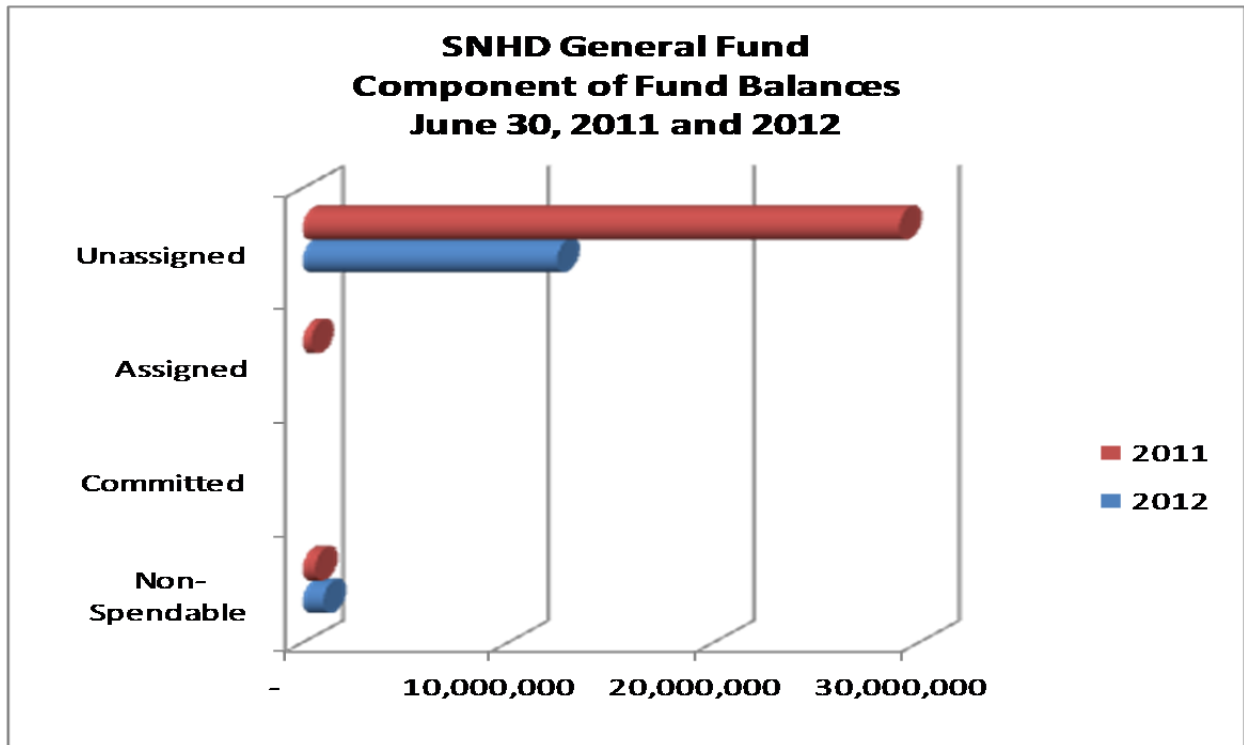
**Business-type Activities.** For the Southern Nevada Public Health Laboratory’s business-type activities, the result for the current fiscal year showed that overall net position decreased to reach an ending balance of \$4,655,500. Total operating expenses exceeded total revenues coming from indirect federal grants and investment income.

### Financial Analysis of Governmental Funds

As noted earlier, the Southern Nevada Health District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

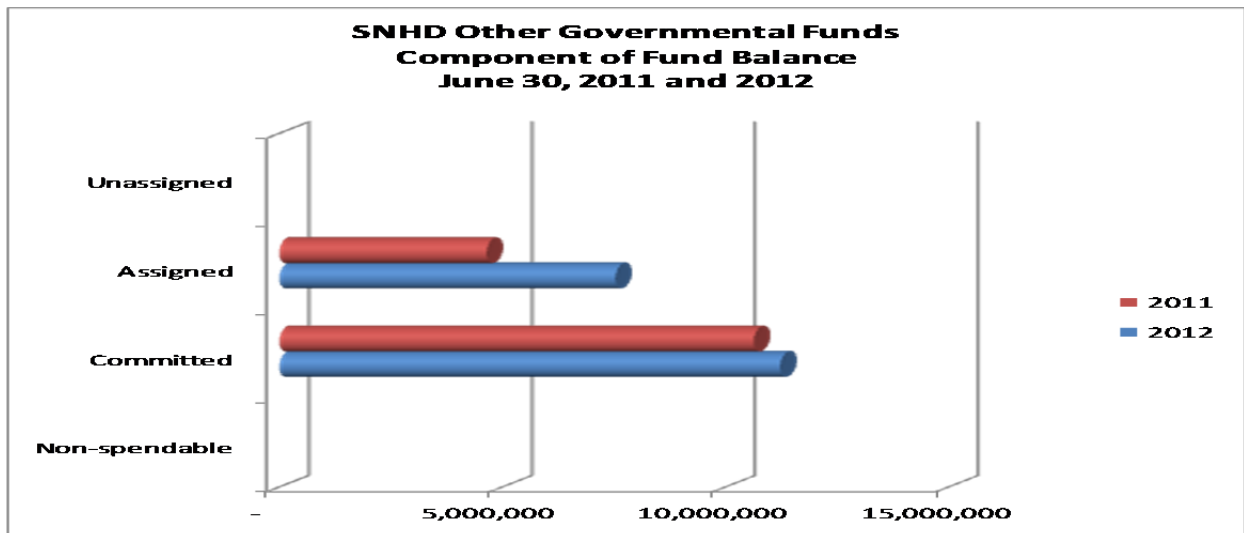
**Governmental Funds.** The focus of the SNHD’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the SNHD’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the SNHD itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the SNHD’s Board of Health.

At June 30, 2012, the SNHD’s governmental funds reported combined fund balances of \$32,129,338, a decrease of \$13,189,157 in comparison with the prior year as restated. Approximately 39% or \$12,374,570 of this amount constitutes *unassigned fund balance*, which is available for spending at the SNHD’s discretion. The remainders of the fund balance are: \$1,007,507 in *non-spendable*, \$11,220,701 in *committed to facility acquisition*, and \$7,526,560 in *assigned to capital projects improvements*.



The general fund is the chief operating fund of the SNHD. At the end of the current fiscal year, unassigned fund balance of the general fund was \$12,374,570, while the total fund balance is \$13,382,077. 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 general fund expenditures.

Unassigned fund balance represents approximately 18% of total general fund expenditures, while total fund balance represents approximately 20% of that same amount. The total fund balance of the SNHD's general fund decreased by \$16,668,000 during the current fiscal year due to the reduction in property tax allocation from the County.



Other governmental funds are made up of the Bond Reserve Fund (also known as Building Fund) and the Capital Projects Fund. The Bond Reserve Fund was approved by the Board of Health on March 27, 2008 so that the Health 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 Southern Nevada District 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 Bond Reserve fund has a committed balance of \$11,220,701 at the end of the current fiscal year. The Capital Projects Fund has \$7,526,560 assigned for future capital improvements. Fund transfers from the General Fund and interest income from investment contributed to the increase in the balances of these funds.

**Revenues Classified by Source**  
**General Fund**

<b>Description</b>	<b>2012</b>		<b>2011</b>		<b>Increase(Decrease)</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Charges for Services	\$ 30,586,301	54%	\$ 31,415,935	42%	\$ (829,634)	-3%
Intergovernmental revenues	19,525,454	35%	20,548,488	28%	(1,023,034)	-5%
Contributions and donations	13,157	0%	13,777	0%	(620)	-5%
General Receipts	491,680	1%	704,968	1%	(213,288)	-30%
Property Tax Allocation	5,692,534	10%	21,406,846	29%	(15,714,312)	-73%
<b>Total</b>	<b>\$ 56,309,126</b>	<b>100%</b>	<b>\$ 74,090,014</b>	<b>100%</b>	<b>\$ (17,780,888)</b>	<b>-24%</b>

Charges for Services decreased by \$829,634 or 3%. The result of the decrease was due to decrease in charges for services such as Immunizations, Vital Records, and Women’s Health Connection as well as decreased revenue in Program Contract Services in the Nurse-Family Partnership and Child Care Program. The Immunization Clinic saw 29.5% less clients in the current year.

Intergovernmental revenue decreased by \$1,023,034 or 5%. This drop in revenue was mainly due to expiration of Indirect Federal grants such as Public Health Emergency Response (PHER) and H1N1 as well as State grants like TB Elimination. There was also reduction in share of Tire Tax revenue. These decreases were offset by the \$1,791,888 increase in funding for Communities Putting Prevention to Work (CPPW) - Obesity.

Contributions and donations decreased by \$620 or 5%. The decrease resulted from decline in donations.

General receipts decreased by \$213,288 or 30% due primarily to lower interest earnings as a result of receiving less in property tax allocation from Clark County.

Property Tax Allocations decreased by \$15,714,312 or 73%. This resulted from the reduction in the share on property taxes received from Clark County. 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. The SNHD is currently awaiting State Supreme Court decision on the proper interpretation of this statute on which full funding and the future of the Health District depend.

**Expenditures by Function**  
**General Fund**

<u>Description</u>	<b>2012</b>		<b>2011</b>		<b>Increase(Decrease)</b>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Nursing and Clinical Services	\$ 19,926,399	29%	\$ 19,527,890	27%	\$ 398,509	2%
Environmental Health	15,206,451	22%	14,901,773	21%	304,678	2%
Community Health	14,393,695	21%	16,786,519	24%	(2,392,824)	-14%
Administration	18,697,521	28%	20,231,785	28%	(1,534,264)	-8%
Total	\$68,224,066	100%	\$71,447,967	100%	\$ (3,223,901)	-5%

Nursing and Clinical Services expenditures increased by \$398,509 or 2%. The increase was primarily due to salaries and fringe benefits on new hires from the Teen Pregnancy Prevention (TPP) grant.

Environmental Health expenditures increased by \$304,678 or 2%. A significant portion of the increase was due to software licensing for our new EH software, Envision Connect.

Community Health expenditures decreased by \$2,392,824 or 14% due to the close-out of the Public Health Emergency Response (PHER) grants as well as CPPW-Tobacco in March, 2012 and CPPW-Obesity in September, 2012. Note: No-cost extensions were granted until March 18, 2013 to CPPW-Tobacco and June 29, 2013 to CPPW-Obesity.

Administration expenditures decreased by \$1,534,264 or 8%. Vaccines charged to Health Cards from the prior year were reclassified to inventory in the current year.

**Proprietary Funds.** The Southern Nevada Public Health Laboratory proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position at the end of the year was \$3,793,190 and for the Insurance Liability Reserve Fund was \$881,082.

**General Fund Budgetary Highlights**

**Original budget compared to final budget.** During the year there was no need for any amendment to change either the original estimated revenues or original budgeted appropriations.

**Final budget compared to actual results.** The most significant differences between estimated revenues and actual revenues were as follows:



	<b>Actual</b>	<b>Budgeted</b>	<b>Over or</b>
<b>Revenue Source</b>	<b><u>Revenue</u></b>	<b><u>Revenue</u></b>	<b><u>(Under)</u></b>
Fee for Service	5,200,688	6,227,469	(1,026,781)
Program Contract Services	1,879,517	2,883,120	(1,003,603)
Federal Funds Distributed by State	8,092,743	7,302,623	790,120
Property Tax Allocation	5,692,534	19,870,482	(14,177,948)

A shortfall in the Fee for Service was caused by decreased revenue in Immunizations, Vital Records, and Women’s Health Connection. The Immunization Clinic saw 29.5% less clients in the current year

Program Contract Services did not meet budget due to revenue-type change totaling \$817,514 for the Urban Area Security Initiative (UASI) grants which was originally budgeted under this category; however, actual revenue was recorded under Federal Funds Distributed by State. Also, budgeted reimbursement from State Homeland Security Program (SHSP) of \$229,710 has not been received yet.

Federal Funds Distributed by State exceeded budget due to the categorical change in the recording of the Urban Area Security Initiative (UASI) grants which was originally budgeted under Program Contract Services category; however, actual revenue was recorded under Federal Funds Distributed by State.

Property Tax Allocation is below budget due to the reduction in the amount of property tax allocation received from the County.

A review of actual expenditures compared to the appropriations in the final budget yields no significant variances. Total Expenditures is \$6.6 million below budget. Salaries and benefits savings of \$5.0 million constitute 76% of this amount. A reduction in the amounts paid for contract services also contributed to the expenditure savings.

### **Capital Assets and Debt Administration**

**Capital assets.** The Southern Nevada Health District’s investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounts to \$9,194,971 (net of accumulated depreciation). The investment in business-type activities amounted to \$862,310. This investment in capital assets includes land, buildings and improvements, vehicles and equipment. The total decrease in capital assets for the current fiscal year was approximately \$724,919 or 7%.

## Southern Nevada Health District's Capital Assets (net of depreciation)

<b>Governmental activities:</b>	<b>June 30, 2011</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2012</b>
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	4,697,563			4,697,563
Improvements other than buildings	9,138,440	83,213		9,221,653
Furniture, fixtures and equipment	10,081,219	670,981	(685,385)	11,437,585
Vehicles	684,651		(14,250)	698,901
Total capital assets being depreciated	24,601,873	754,194	(699,635)	24,656,432
Less: accumulated depreciation for:				
Buildings	(1,886,571)	(54,235)		(1,940,806)
Improvements other than buildings	(7,727,577)	(425,721)		(8,153,298)
Furniture, fixtures and equipment	(6,631,735)	(844,415)	680,171	(6,795,979)
Vehicles	(599,606)	(45,787)	14,250	(631,143)
Total accumulated depreciation	(16,845,489)	(1,370,158)	694,421	(17,521,226)
Total capital assets being depreciated, net	7,756,384	(615,964)	(5,214)	7,135,206
Governmental activities capital assets, net	<u>\$ 9,816,149</u>	<u>\$ (615,964)</u>	<u>\$ (5,214)</u>	<u>\$ 9,194,971</u>
Business-type activities:				
Capital assets, being depreciated:				
Improvements other than buildings	\$ 96,241			\$ 96,241
Furniture, fixtures and equipment	2,197,236	81,765	(10,696)	2,268,305
Vehicles	17,990			17,990
Total capital assets being depreciated	2,311,467	81,765	(10,696)	2,382,536
Less: accumulated depreciation for:				
Improvements other than buildings	(40,195)	(6,966)		(47,161)
Furniture, fixtures and equipment	(1,302,972)	(172,863)	8,017	(1,467,818)
Vehicles	(2,249)	(2,998)		(5,247)
Total accumulated depreciation	(1,345,416)	(182,827)	8,017	(1,520,226)
Business-type activities capital assets, net	<u>\$ 966,051</u>	<u>\$ (101,062)</u>	<u>\$ (2,679)</u>	<u>\$ 862,310</u>

Some of the larger capital asset transactions for fiscal year ending June 30, 2012, included building remodeling costs, computer software, computer hardware, and Environmental Health equipment costs as listed below:

- Trisano Project for Community Health Services (\$187,500)
- Information Technology (IT): Disk Array Enclosure for the Data Center (\$36,079), Cisco Catalyst for Nursing (\$34,911)
- Environmental Health Envision Connect Software (\$55,119)
- Maintenance Security Upgrade (\$75,600) and Fire Alarm System (\$14,740)

- Nursing Remodeling expenses for East (\$121,560) and Inventory Mgmt. Functionality Software (\$71,910)
- The Southern Nevada Public Health Laboratory (SNPHL): Filmarray Analyzer (\$49,500) and a Geldoc XR + Imager (\$10,797).

*Additional information on the District's capital assets can be found on pages 42, 49 and 50 of this report.*

**Long-term Debt.** At the end of the current fiscal year, the Southern Nevada Health District has no outstanding debt.

### **Economic Factors and Next Year's Budgets and Rates**

The Southern Nevada Health 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:

- Need to obtain financing for a new main building to replace the Shadow Lane facility,
- Continued influx of disproportionate demand for public health services due to poor economic conditions,
- Need to maintain a reserve to respond effectively to a possible pandemic outbreak and other public health emergencies,
- Reduced Federal funding,
- Reduced State funding, and
- Reduced Property Tax allocation from the County
- Plummeting Property Values
- Outcome of litigation with the County regarding the interpretation of NRS 439.365.

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 expired in March, 2012 and the grant from CPPW-Obesity terminated in September, 2012; however, there are no-cost continuation extensions granted for a year.

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:

- There is a new Collective Bargaining Agreement (CBA) with SEIU Local 1107 reached in June 18, 2012 which modified the contract that expired June 30, 2011.

- 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; however, there is anticipation that the next and future fiscal periods would be the most challenging times in SNHD financial landscape due to the still unanswered question of the main building replacement and the loss of property tax revenue. SNHD will continue to work with staff to develop and update the business plan for the 2013-2014 periods.

The Unassigned Fund balance of the General Fund is \$12,374,570 as of June 30, 2012. 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. 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  
330 S. Valley View Blvd. P.O. Box 3902  
Las Vegas, Nevada, 89127

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

# BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

# SOUTHERN NEVADA HEALTH DISTRICT

## STATEMENT OF NET POSITION

JUNE 30, 2012

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and equivalents, unrestricted	\$ 31,773,554	\$ 4,907,869	\$ 36,681,423
Cash and equivalents, restricted	102,112		102,112
Grants receivable	3,343,328		3,343,328
Accounts receivable	39,809		39,809
Contracts receivable	19,378		19,378
Prepaid expenses	377,737	94,786	472,523
Inventories	629,771		629,771
Internal balances	534,725	(534,725)	
Capital assets, net of accumulated depreciation and amortization			
Land	2,059,765		2,059,765
Buildings	2,756,757		2,756,757
Improvements other than buildings	1,068,355	49,080	1,117,435
Furniture, fixtures and equipment	3,270,836	800,487	4,071,323
Vehicles	39,258	12,743	52,001
Total assets	46,015,385	5,330,240	51,345,625
<b>LIABILITIES</b>			
Accounts payable	1,168,870	100,286	1,269,156
Grants payable	422,172		422,172
Accrued expenses	1,932,392	24,467	1,956,859
Workers compensation self-insurance claims	209,027		209,027
Unearned revenue	77,532	11,120	88,652
Long-term liabilities, due within one year			
Compensated absences	4,303,159	142,581	4,445,740
Long-term liabilities, due in more than one year			
Compensated absences	2,990,331	99,082	3,089,413
Postemployment benefits other than pensions	9,824,070	297,204	10,121,274
Total liabilities	20,927,553	674,740	21,602,293
<b>NET POSITION</b>			
Net investment in capital assets	9,194,971	862,310	10,057,281
Unrestricted	15,892,861	3,793,190	19,686,051
Total net position	\$ 25,087,832	\$ 4,655,500	\$ 29,743,332

See notes to basic financial statements.

# SOUTHERN NEVADA HEALTH DISTRICT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

FUNCTION/PROGRAM	Program Revenues			Net (Expenses) Revenues and Change in Net Position			
	Expenses	Operating Grants and Contributions		Capital Grants and Contributions	Governmental Activities	Busines-type Activities	Total
		Charges for Services					
Governmental activities							
Public health							
Nursing							
Communicable diseases	\$ 7,651,569	\$ 1,851,045	\$ 3,056,758	\$	\$ (2,743,766)		\$ (2,743,766)
General nursing administration	2,841,367	1,581			(2,839,786)		(2,839,786)
Immunizations	5,234,679	2,648,802	620,585		(1,965,292)		(1,965,292)
Women's health	2,791,319	238,410	2,633,304		80,395		80,395
Children's health	2,447,825	378,615	79,080		(1,990,130)		(1,990,130)
Indirect cost allocation	4,940,210				(4,940,210)		(4,940,210)
Total nursing	<u>25,906,969</u>	<u>5,118,453</u>	<u>6,389,727</u>		<u>(14,398,789)</u>		<u>(14,398,789)</u>
Environmental health							
Environmental health and sanitation	12,937,138	15,206,888	102,887		2,372,637		2,372,637
Waste management	2,553,745	1,372,380	502,131		(679,234)		(679,234)
Other environmental health programs	685,653	433,000	280,882		28,229		28,229
Indirect cost allocation	3,615,358				(3,615,358)		(3,615,358)
Total environmental health	<u>19,791,894</u>	<u>17,012,268</u>	<u>885,900</u>		<u>(1,893,726)</u>		<u>(1,893,726)</u>
Community health services							
Administration	1,266,661		551,886		(714,775)		(714,775)
Health education	8,587,683	22,320	8,608,678		43,315		43,315
Epidemiology	1,156,060	7,870	2,953		(1,145,237)		(1,145,237)
Public health preparedness	3,204,142	4,313	3,042,708		(157,121)		(157,121)
Emergency medical services	661,575	74,979	8,049		(578,547)		(578,547)
Indirect cost allocation	3,365,266				(3,365,266)		(3,365,266)
Total community health services	<u>18,241,387</u>	<u>109,482</u>	<u>12,214,274</u>		<u>(5,917,631)</u>		<u>(5,917,631)</u>
Other							
General administration			111,073		111,073		111,073
Health cards	5,222,816	5,834,530			611,714		611,714
Disaster recovery	425,763				(425,763)		(425,763)
Vital records	1,536,027	2,488,364			952,337		952,337
Indirect cost allocation	1,720,846				(1,720,846)		(1,720,846)
Total other	<u>8,905,452</u>	<u>8,322,894</u>	<u>111,073</u>		<u>(471,485)</u>		<u>(471,485)</u>
Total governmental activities	<u>72,845,702</u>	<u>30,563,097</u>	<u>19,600,974</u>		<u>(22,681,631)</u>		<u>(22,681,631)</u>

(Continued)

See notes to basic financial statements.



# SOUTHERN NEVADA HEALTH DISTRICT

## STATEMENT OF ACTIVITIES (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

	Program Revenues			Net (Expenses) Revenues and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Busines-type Activities	Total
Business-type activities							
Southern Nevada Public Health Laboratory	3,021,468		1,160,177		(1,861,291)	(1,861,291)	
Total business-type activities	3,021,468		1,160,177		(1,861,291)	(1,861,291)	
Total function/program	<u>\$ 75,867,170</u>	<u>\$ 30,563,097</u>	<u>\$ 20,761,151</u>	<u>\$</u>	<u>(22,681,631)</u>	<u>(1,861,291)</u>	<u>(24,542,922)</u>
GENERAL REVENUES							
Property tax allocation				5,692,534		5,692,534	
Unrestricted interest income				755,742	93,317	849,059	
Loss on disposal of capital assets				(3,219)	(2,678)	(5,897)	
Total general revenues				<u>6,445,057</u>	<u>90,639</u>	<u>6,535,696</u>	
Transfers				(511,771)	511,771		
CHANGE IN NET POSITION				<u>(16,748,345)</u>	<u>(1,258,881)</u>	<u>(18,007,226)</u>	
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED				40,118,569	5,914,381	46,032,950	
Adjustment				1,717,608		1,717,608	
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED				<u>41,836,177</u>	<u>5,914,381</u>	<u>47,750,558</u>	
NET POSITION, END OF YEAR				<u>\$ 25,087,832</u>	<u>\$ 4,655,500</u>	<u>\$ 29,743,332</u>	

See notes to basic financial statements.

FUND FINANCIAL STATEMENTS

# SOUTHERN NEVADA HEALTH DISTRICT

## GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2012

	General Fund	Bond Reserve Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,984,264	\$ 11,220,701	\$ 7,580,592	\$ 30,785,557
Grants Receivable	3,343,328			3,343,328
Accounts receivable	39,809			39,809
Contracts receivable	19,378			19,378
Inventories	629,770			629,770
Prepaid expenses	377,737			377,737
Due from other funds	534,725			534,725
	<u>\$ 16,929,011</u>	<u>\$ 11,220,701</u>	<u>\$ 7,580,592</u>	<u>\$ 35,730,304</u>
Total assets				
<b>LIABILITIES</b>				
Accounts payable	\$ 1,114,838		\$ 54,032	\$ 1,168,870
Grants payable	422,172			422,172
Accrued expenses	1,932,392			1,932,392
Unearned revenue	77,532			77,532
	<u>3,546,934</u>		<u>54,032</u>	<u>3,600,966</u>
Total liabilities				
<b>FUND BALANCES</b>				
Nonspendable				
Inventory	629,770			629,770
Prepaid items	377,737			377,737
Committed to				
Facility acquisition		11,220,701		11,220,701
Assigned to				
Capital improvements			7,526,560	7,526,560
Unassigned	12,374,570			12,374,570
	<u>13,382,077</u>	<u>11,220,701</u>	<u>7,526,560</u>	<u>32,129,338</u>
Total fund balances				
Total liabilities and fund balances	<u>\$ 16,929,011</u>	<u>\$ 11,220,701</u>	<u>\$ 7,580,592</u>	<u>\$ 35,730,304</u>

See notes to basic financial statements.

# SOUTHERN NEVADA HEALTH DISTRICT

## RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES JUNE 30, 2012

---

FUND BALANCES, GOVERNMENTAL FUNDS		\$	32,129,338
Amounts reported in the statement of net position are different because			
Capital assets used in governmental activities are not current financial resources; and therefore, are not reported in governmental funds			
Capital assets		\$	26,716,197
Less accumulated depreciation			<u>(17,521,225)</u>
			9,194,972
Long-term liabilities are not due and payable in the current period; and therefore, are not reported in governmental funds			
Postemployment benefits other than pensions			(9,824,070)
Compensated absences			<u>(7,293,490)</u>
			(17,117,560)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The internal service fund assets and liabilities are included in governmental activities in the statement of net position			
			<u>881,082</u>
NET POSITION, GOVERNMENTAL ACTIVITIES		\$	<u>25,087,832</u>

See notes to basic financial statements.

# SOUTHERN NEVADA HEALTH DISTRICT

## GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Bond Reserve Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>				
Charges for services				
Title XIX Medicaid	\$ 608,192			\$ 608,192
General services	5,200,688			5,200,688
Regulatory services	22,897,904			22,897,904
Program contract services	1,879,517			1,879,517
Intergovernmental revenues				
Property tax allocation	5,692,534			5,692,534
State funding	437,330			437,330
Indirect federal grants	8,092,743			8,092,743
Direct federal grants	10,995,381			10,995,381
Contributions and donations	13,157		26,560	39,717
Interest income	477,086	187,038	78,150	742,274
Other	14,594			14,594
<b>Total revenues</b>	<b>56,309,126</b>	<b>187,038</b>	<b>104,710</b>	<b>56,600,874</b>
<b>EXPENDITURES</b>				
Current				
Public health				
Nursing	19,926,399			19,926,399
Environmental health	15,206,451			15,206,451
Community health services	14,393,695			14,393,695
Other	18,697,521			18,697,521
<b>Total current</b>	<b>68,224,066</b>			<b>68,224,066</b>
Capital outlay				
Public health			754,194	754,194
<b>Total expenditures</b>	<b>68,224,066</b>		<b>754,194</b>	<b>68,978,260</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(11,914,940)</b>	<b>187,038</b>	<b>(649,484)</b>	<b>(12,377,386)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in		406,444	3,534,845	3,941,289
Transfers out	(4,753,060)			(4,753,060)
<b>Total other financing sources (uses)</b>	<b>(4,753,060)</b>	<b>406,444</b>	<b>3,534,845</b>	<b>(811,771)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(16,668,000)</b>	<b>593,482</b>	<b>2,885,361</b>	<b>(13,189,157)</b>
<b>FUND BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>	<b>28,332,469</b>	<b>10,627,219</b>	<b>4,641,199</b>	<b>43,600,887</b>
Adjustment	1,717,608			1,717,608
<b>FUND BALANCE, BEGINNING OF YEAR, AS ADJUSTED</b>	<b>30,050,077</b>	<b>10,627,219</b>	<b>4,641,199</b>	<b>45,318,495</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 13,382,077</b>	<b>\$ 11,220,701</b>	<b>\$ 7,526,560</b>	<b>\$ 32,129,338</b>

See notes to basic financial statements.

# SOUTHERN NEVADA HEALTH DISTRICT

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2012

---

CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS		\$ (13,189,157)
Amounts reported in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is capitalized and depreciated over their estimated useful lives		
Expenditures for capital assets	\$ 754,194	
Less current year depreciation and loss on disposal capital assets	<u>(1,375,370)</u>	(621,176)
Some expenses 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		
Change in postemployment benefits other than pensions	(3,178,081)	
Change in compensated absences	<u>(73,399)</u>	(3,251,480)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The internal service fund change in net position is included in governmental activities in the statement of activities		
		<u>313,468</u>
CHANGE IN NET POSITION, GOVERNMENTAL ACTIVITIES		\$ <u><u>(16,748,345)</u></u>

See notes to basic financial statements.

# SOUTHERN NEVADA HEALTH DISTRICT

## PROPRIETARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2012

	Business-type Activities	Governmental Activities
	Southern Nevada Public Health Laboratory Fund	Insurance Liability Reserve Fund
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 4,907,869	\$ 987,997
Prepaid expenses	94,786	
Total current assets	5,002,655	987,997
Restricted assets		
Cash and cash equivalents		102,112
Noncurrent assets		
Improvements other than buildings	96,241	
Furniture, fixtures and equipment	2,268,305	
Vehicles	17,990	
Less accumulated depreciation and amortization	(1,520,226)	
Total noncurrent assets	862,310	
Total assets	5,864,965	1,090,109
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	100,286	
Accrued expenses	24,467	
Workers compensation self-insurance claims		209,027
Unearned revenue	11,120	
Due to other funds	(534,725)	
Compensated absences	142,581	
Total current liabilities	(256,271)	209,027
Noncurrent liabilities		
Compensated absences	99,082	
Postemployment benefits other than pensions	297,204	
Total noncurrent liabilities	396,286	
Total liabilities	140,015	209,027
<b>NET POSITION</b>		
Net investment in capital assets	862,310	
Unrestricted	3,793,190	881,082
Total net position	\$ 4,655,500	\$ 881,082

See notes to basic financial statements.

# SOUTHERN NEVADA HEALTH DISTRICT

## PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities	Governmental Activities
	Southern Nevada Public Health Laboratory Fund	Insurance Liability Reserve Fund
OPERATING EXPENSES		
Salaries and wages	\$ 1,162,237	\$
Employee benefits	528,311	
Services and supplies	437,401	
Depreciation	182,828	
Repairs and maintenance	175,966	
Indirect cost allocation	534,725	
Total operating expenses	3,021,468	
Operating loss	(3,021,468)	
NONOPERATING REVENUES (EXPENSES)		
Indirect federal grants	1,160,177	
Interest income	93,317	13,468
Loss on asset dispositions	(2,678)	
Total nonoperating revenues (expenses)	1,250,816	13,468
Income (loss) before transfers	(1,770,652)	13,468
TRANSFERS		
Transfers in	511,771	300,000
CHANGE IN NET POSITION	(1,258,881)	313,468
NET POSITION, BEGINNING OF YEAR	5,914,381	567,614
NET POSITION, END OF YEAR	\$ 4,655,500	\$ 881,082

See notes to basic financial statements.



# SOUTHERN NEVADA HEALTH DISTRICT

## PROPRIETARY FUNDS STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities	Governmental Activities
	Southern Nevada Public Health Laboratory Fund	Insurance Liability Reserve Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash payments for goods and services	\$ (1,014,229)	\$ (88,828)
Cash payments for employee services	<u>(1,158,886)</u>	<u>(88,828)</u>
Net cash used in operating activities	<u><u>(2,173,115)</u></u>	<u><u>(88,828)</u></u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in	511,771	300,000
Grant revenue	<u>1,159,162</u>	<u>          </u>
Net cash provided by noncapital financing activities	<u>1,670,933</u>	<u>300,000</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Acquisition of capital assets	<u>(81,765)</u>	<u>          </u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income received	<u>93,317</u>	<u>13,468</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(490,630)	224,640
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>5,398,499</u>	<u>865,469</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 4,907,869</u></u>	<u><u>\$ 1,090,109</u></u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>		
Operating loss	\$ (3,021,468)	\$ <u>          </u>
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	182,828	
Decrease in assets		
Prepaid expenses	5,344	
Increase (decrease) in liabilities		
Accounts payable	75,788	
Accrued expenses	(77,600)	
Workers compensation self-insurance claims		(88,828)
Due to other funds	534,725	
Compensated absences	24,326	
Postemployment benefits other than pensions	<u>102,942</u>	
Total adjustments	<u>848,353</u>	<u>(88,828)</u>
Net cash used in operating activities	<u><u>\$ (2,173,115)</u></u>	<u><u>\$ (88,828)</u></u>

See notes to basic financial statements.

**SOUTHERN NEVADA HEALTH DISTRICT**

**FIDUCIARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2012**

---

	<u>Retiree Health Insurance</u>
ASSETS	
Cash and cash equivalents	\$ <u>419,779</u>
Total assets	<u>419,779</u>
LIABILITIES	
Due to others	<u>419,779</u>
Total liabilities	<u>419,779</u>
NET POSITION	\$ <u><u>          </u></u>

See notes to basic financial statements.

## NOTES TO BASIC FINANCIAL STATEMENTS

# SOUTHERN NEVADA HEALTH DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

---

### Note 1. Summary of Significant Accounting Policies

#### Reporting Entity

The Southern Nevada Health District (the District) is governed by a 14 member policymaking board (the Board of Health) comprised of two representatives from each of 6 entities, as well as a physician member at-large and one representative of the Association of Gaming Establishments. The District represents a unique consolidation of the public health needs of the cities of Boulder City, Las Vegas, North Las Vegas, Henderson and Mesquite and others within Clark County (the County).

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 reporting principles.

GASB Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 39, *Determining Whether Certain Organizations are Component Units*, defines the reporting entity as the primary government and those component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the organization's governing board, and either the ability of the primary government to impose its will on the organization or the possibility that the organization will provide a financial benefit to or impose a financial burden on the primary government. In addition to financial accountability, component units can be other organizations in which the economic resources received or held by that organization are entirely or almost entirely for the direct benefit of the primary government, the primary government is entitled to or has the ability to otherwise access a majority of the economic resources received or held by that organization and the resources to which the primary government is entitled or has the ability to otherwise access are significant to the primary government.

The District has complied with GASB Statement Nos. 14 and 39 by examining its position relative to other entities and has determined that there are no requirements that would cause the basic financial statements of the District to be included in any other entities' financial statements or comprehensive annual financial reports (CAFR). In addition, the District determined that there are no other entities, which are required to be included in the District's CAFR.

#### 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 position 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 government-wide statements are also included.

#### Government-wide Financial Statements

The government-wide financial statements are made up of the statement of net position and the statement of activities. These statements include the aggregated financial information of the District as a whole, except for fiduciary activity. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. 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.

(Continued)

# SOUTHERN NEVADA HEALTH DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

---

The statement of net position 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 consequently dependent on general-purpose revenues, such as the property tax allocation from the County collected from various jurisdictions, to remain operational.

### 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 using 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 No. 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. Revenues are considered "measurable" when in the hands of the intermediary collecting governments and are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the current fiscal year end. The major revenue sources of the District include the property tax allocation from the County collected from various jurisdictions, regulatory revenue, fees for service and intergovernmental revenues from state and federal sources, which have been treated as susceptible to accrual. All other revenue sources are considered to be measurable and available only when cash is received by the District. In general, expenditures are recorded when liabilities are incurred, as under accrual accounting. 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 District reports the following three major governmental funds:

General Fund - Accounts for all financial resources except for those required to be accounted for in another fund and is the general operating fund of the District.

(Continued)

# SOUTHERN NEVADA HEALTH DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

---

The Bond Reserve Capital Projects Fund - Accounts for resources that have been committed or assigned to the future acquisition of a new administration building.

Capital Projects Fund - Accounts for resources committed or assigned to the acquisition or construction of capital assets other than a new administration building.

Proprietary funds (enterprise and internal service 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.

The District reports the following major enterprise fund:

The Southern Nevada Public Health Laboratory (SNPHL) Fund - Accounts for the provision of various testing and analytical services provided to the Southern Nevada Health District, outside government entities and private health providers.

The District reports the following internal service fund:

The Insurance Liability Reserve Fund - Accounts for the costs associated with the self-funded workers compensation insurance.

Fiduciary fund financial statements, comprised of a statement of net position, reports the District's activities that are custodial in nature (assets equal liabilities) and do not involve measurement of operational results. Fiduciary funds are excluded from the government-wide financial statements.

The District reports the following agency fund:

Retiree Health Insurance Fund - Accounts for the excess 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 as required by the terms of the Collective Bargaining Agreement with the Service Employee International Union. These funds are then to be used to help fund retired employee costs in maintaining the group health insurance benefit.

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.

### 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 accompanying basic financial statements.

(Continued)

# SOUTHERN NEVADA HEALTH DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

---

### Inventories

Inventories are valued at the lower of cost or market, using the first-in, first-out (FIFO) method. Governmental fund inventories are accounted for under the consumption method where the costs are recorded as expenditures when the inventory item is used rather than when purchased.

Additionally, the District receives medical vaccines from the State of Nevada (the State) 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, 2012, the estimated value of such vaccines was \$596,007.

### Prepaid Expenses

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid expenses in both the government-wide financial and fund financial statements. In the fund financial statements, prepaid items are recorded as expenditures when consumed rather than when purchased.

### Restricted cash equivalents

Restricted cash equivalents consist of a certificate of deposit held in the internal service fund for workers compensation self-insurance claims.

### 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, if any, are valued at their estimated fair value as of the date of donation.

The cost of normal maintenance and repairs that do not significantly increase the functionality of the assets or materially extend the assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as the projects are constructed.

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

	<u>Years</u>
Buildings	50
Improvements other than buildings	5-25
Furniture, fixtures and equipment	5-20
Vehicles	6

### Compensated Absences

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:

(Continued)

# SOUTHERN NEVADA HEALTH DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

---

<u>Years of Service</u>	<u>Vacation Benefit (Days)</u>
Less than one	10
One to eight	15
Eight to thirteen	18
More than thirteen	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 days, 50% of the accrued days between 101 and 200 days, and 25% of the accrued days greater than 200 days. 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 is due and payable, 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.

### Postemployment Benefits Other Than Pensions (OPEB)

In accordance with the transition rules of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the District elected to apply its measurement and recognition requirements on a prospective basis. The annual OPEB cost reported in the accompanying financial statements is equal to the annual required contribution (ARC) of the District, calculated by using an actuarial valuation based upon the same methods and assumptions applied in determining the plan's funding requirements. The net OPEB obligation at June 30, 2012, is determined by adding the annual OPEB cost to the net OPEB obligation at the beginning of the year and deducting any contributions to the plan during the year.

### Fund Balance and Net Position Classifications

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

**Net Investment in Capital Assets.** This is the component of net position that represents the difference between capital assets less accumulated depreciation.

**Restricted.** This component of net position 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.

**Unrestricted.** This component of net position is the difference between the assets and liabilities not reported in net investment in capital assets and restricted net position.

(Continued)



# SOUTHERN NEVADA HEALTH DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

---

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*, which became effective for periods beginning after June 15, 2010. Under this statement, governmental fund balances are 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 balance. 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 expenditures (the general fund reserve).

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.

(Continued)

# SOUTHERN NEVADA HEALTH DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

---

### Prior Period Adjustment

As of July 1, 2011, nonspendable net assets of the general fund have been retroactively restated and increased by \$1,717,608 to account for purchased vaccine inventories on hand at June 30, 2011.

### **Note 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. Budget augmentations and amendments made during the year ended June 30, 2012, if any, were as prescribed by law. The budget approval process is summarized as follows:

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.

Upon approval by the Board of Health, the tentative budget is submitted to the County where it is included in the County's public hearing held in May.

The budget is then filed with the State of Nevada, Department of Taxation by the County.

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.

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.

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, 2012, the District had no exceptions to this statute.

#### New Accounting Pronouncements

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, effective for periods beginning after December 15, 2011. The objective of this statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. Management has not yet completed its assessment of this statement, but since the District does not have any SCAs, it is not currently expected that it will have a material impact on the District's financial position, results of operations and cash flows.

(Continued)

# SOUTHERN NEVADA HEALTH DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

---

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*, effective for periods beginning after June 15, 2012. The objective of this statement is to improve financial reporting for a governmental financial reporting entity. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. Management has not yet completed its assessment of this statement.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, effective for periods beginning after December 15, 2011. The objective of this Statement is to incorporate into the GASB's authoritative literature various accounting and financial reporting guidance that is included in certain non-GASB pronouncements issued on or before November 30, 1989. Management has completed its assessment of this statement and determined that it will not have a material effect on the City's financial position, results of operation, or cash flows.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for periods beginning after December 15, 2011. This Statement provides financial reporting guidance for identifying and reporting deferred outflows of resources and deferred inflows of resources. Management has not yet completed its assessment of this statement.

In June 2011, the GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions-an amendment of GASB Statement No. 53*, effective for periods beginning after June 15, 2011. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. Management has not yet completed its assessment of this statement.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective for periods beginning after December 15, 2012. The objective of the Statement is to either 1) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources, or 2) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These determinations are based on the definitions of those elements in Concepts Statement No. 4, *Elements of Financial Statements*. Management has not yet completed its assessment of this statement.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections-2012*, effective for periods beginning after December 15, 2012. The objective of this Statement is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements (Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*). Management has not yet completed its assessment of this statement.

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans*, effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. Management has not yet completed its assessment of this statement.

(Continued)

# SOUTHERN NEVADA HEALTH DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

---

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, effective for periods beginning after June 15, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. Management has not yet completed its assessment of this statement.

### Note 3. Cash, Cash Equivalents and Investments

#### Deposits

The District's deposit policies are governed by the NRS. Deposits are carried at cost, which approximates market value and are maintained with insured banks in the State. At June 30, 2012, the carrying amount of the District's deposits was \$117,112 and the bank balance was \$117,261. The entire balance was covered by the Federal Deposit Insurance Corporation (FDIC) and therefore is not subject to any custodial credit risk.

#### Clark County Investment Pool

The District participates in Clark County's investment pool. At June 30, 2012, all rated investments in the Clark County investment pool were in compliance with the rating criteria listed below. Pooled funds are invested according to the NRS which are limited to the following (the District has no investment policy that would further limit its investment choices):

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.

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" by Standard & Poor's or "P-1" by Moody's.

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% of the investment portfolio.

Bankers' acceptances eligible for rediscount with Federal Reserve banks, not to exceed 180 days maturity and 20% of the investment portfolio.

Commercial paper with a rating of A-1, P-1 or equivalent that does not exceed 270 days maturity and does not exceed 20% of the portfolio.

Collateralized mortgage obligations that are rated "AAA" or its equivalent not to exceed 20% of the portfolio.

(Continued)

# SOUTHERN NEVADA HEALTH DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

---

Repurchase agreements that are collateralized at 102% of the repurchase price and do not exceed 90 days maturity. Securities used for collateral must meet the criteria listed above.

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% of the portfolio.

Asset-backed securities that are rated AAA or its equivalent, not to exceed 20% of the portfolio.

Investment contracts for bond proceeds only, issuance for \$10,000,000 or more, and collateralized at a market value of at least 102% by obligations of the U.S. Treasury or agencies of the federal government.

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, 2012, 100% 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 FDIC and 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 State of Nevada, Office of the State Treasurer, 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, 2012, all of the District's investments are held by the 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.

As of June 30, 2012, the carrying amount and market value of investments in the Clark County Investment Pool was \$37,060,822, which includes \$419,780 in the retiree health insurance fiduciary fund that is not included in the government-wide statement of net position.

(Continued)

# SOUTHERN NEVADA HEALTH DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

### Combined Cash, Cash Equivalents and Investments

Investment held by Clark County Treasurer	\$ 36,641,042
Cash and cash equivalents on deposit with financial institutions	15,000
Cash on hand	<u>25,381</u>
	<u>\$ 36,681,423</u>
Governmental funds	\$ 31,353,774
Proprietary funds	4,907,869
Fiduciary funds	<u>419,780</u>
	<u>\$ 36,681,423</u>

### Note 4. Capital Assets

Changes in capital assets for the year ended June 30, 2012, were as follows:

	Balance July 1, 2011	Increases *	Decreases *	Balance June 30, 2012
Governmental activities				
Capital assets not being depreciated or amortized				
Land	\$ 2,059,765	\$ _____	\$ _____	\$ 2,059,765
Capital assets being depreciated or amortized				
Buildings	4,697,563			4,697,563
Improvements other than buildings	9,138,440	83,213		9,221,653
Furniture, fixtures and equipment	10,081,219	670,981	(685,385)	10,066,815
Vehicles	684,651		(14,250)	670,401
	<u>24,601,873</u>	<u>754,194</u>	<u>(699,635)</u>	<u>24,656,432</u>
Less accumulated depreciation or amortization				
Building	(1,886,571)	(54,235)		(1,940,806)
Improvements other than buildings	(7,727,577)	(425,721)		(8,153,298)
Furniture, fixtures and equipment	(6,631,735)	(844,415)	680,171	(6,795,979)
Vehicles	(599,606)	(45,787)	14,250	(631,143)
	<u>(16,845,489)</u>	<u>(1,370,158)</u>	<u>694,421</u>	<u>(17,521,226)</u>
Total governmental activities	<u>\$ 9,816,149</u>	<u>\$ (615,964)</u>	<u>\$ (5,214)</u>	<u>\$ 9,194,971</u>

\* Includes transfers from and to proprietary funds, if any.

(Continued)

# SOUTHERN NEVADA HEALTH DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Increases *	Decreases *	Balance June 30, 2012
Business-type activities				
Capital assets being depreciated or amortized				
Improvements other than buildings	\$ 96,241	\$	\$	\$ 96,241
Furniture, fixtures and equipment	2,197,236	81,765	(10,696)	2,268,305
Vehicles	17,990			17,990
	2,311,467	81,765	(10,696)	2,382,536
Less accumulated depreciation or amortization				
Improvements other than buildings	(40,195)	(6,966)		(47,161)
Furniture, fixtures and equipment	(1,302,972)	(172,863)	8,017	(1,467,818)
Vehicles	(2,249)	(2,998)		(5,247)
	(1,345,416)	(182,827)	8,017	(1,520,226)
Total business-type activities	\$ 966,051	\$ (101,062)	\$ (2,679)	\$ 862,310

\* Includes transfers from and to governmental funds, if any.

Depreciation expense was charged to the functions and programs of the District as follows:

Governmental activities	
Public health	
Nursing	
Communicable diseases	\$ 9,624
General nursing administration	25,015
Immunizations	6,078
Children's health	423
Indirect cost allocation	444,185
Environmental health	
Environmental health and sanitation	31,638
Waste management	13,106
Other environmental health programs	613
Indirect cost allocation	325,064
Community health services	
Health education	6,274
Epidemiology	2,223
Public health preparedness	27,421
Indirect cost allocation	302,578
Other	
Health cards	17,672
Vital records	3,519
Indirect cost allocation	154,725
Total governmental activities	\$ 1,370,158
Business-type activities	
Southern Nevada Public Health Laboratory	\$ 182,827

(Continued)

# SOUTHERN NEVADA HEALTH DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

### Note 5. Interfund Receivables, Payables and Transfers

#### Interfund Receivables and Payables

At June 30, 2012, amounts due to and from other funds resulting from the time lag between the dates that reimbursable transactions occur and payments between funds are made were as follows:

	Receivable	Payable
Governmental funds		
General fund	\$ 534,725	\$
Proprietary funds		
Southern Nevada Public Health Laboratory		534,725
	\$ 534,725	\$ 534,725

#### Interfund Transfers

In the fund financial statements, interfund transfers are shown as other financial sources or uses. For the year ended June 30, 2012, transfers between funds are as follows:

	Transfers In			
	Bond Reserve Fund	Southern Nevada Public Health Laboratory	Aggregate Non- major Funds	Total
Transfers Out				
General fund	\$ 406,444	\$ 511,772	\$ 3,834,844	\$ 4,753,060

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.

### Note 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. Such leases expire at various times through December 15, 2021. For the year ended June 30, 2012, rent expense and expenditures totaled \$1,610,060. At year end, the District's future minimum lease payments under these non-cancelable operating leases were as follows:

(Continued)



# SOUTHERN NEVADA HEALTH DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

For the Year Ending June 30,

2013	\$	4,743,777
2014		4,790,922
2015		4,444,625
2016		1,418,094
2017		360,829
2018-2022		<u>1,696,776</u>
	\$	<u><u>17,455,023</u></u>

### Note 7. Long-term Liabilities

The District's long-term liabilities consist of compensated absences and postemployment benefits other than pensions (OPEB) obligations. For the year ended June 30, 2012, activity for long-term liabilities was as follows:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Due Within One Year
Governmental activities					
Compensated absences	\$ 7,220,091	\$ 4,558,344	\$ 4,484,945	\$ 7,293,490	\$ 4,303,159
Postemployment benefits other than pensions	<u>6,680,226</u>	<u>3,143,844</u>	<u>                    </u>	<u>9,824,070</u>	<u>                    </u>
Total governmental activities	<u>\$ 13,900,317</u>	<u>\$ 7,702,188</u>	<u>\$ 4,484,945</u>	<u>\$ 17,117,560</u>	<u>\$ 4,303,159</u>
Business-type activities					
Compensated absences	\$ 217,338	\$ 132,966	\$ 108,641	\$ 241,663	\$ 142,581
Postemployment benefits other than pensions	<u>194,263</u>	<u>102,941</u>	<u>                    </u>	<u>297,204</u>	<u>                    </u>
Total business-type activities	<u>\$ 411,601</u>	<u>\$ 235,907</u>	<u>\$ 108,641</u>	<u>\$ 538,867</u>	<u>\$ 142,581</u>

### Note 8. Commitments and Contingencies

#### 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 the 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 insurance pool fund'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.

(Continued)

# SOUTHERN NEVADA HEALTH DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

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, 2012, 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 insurance liability reserve fund.

For the fiscal years ended June 30, 2012, 2011 and 2010, changes in the funds' claims liability amounts were as follows:

	June 30, 2012	June 30, 2011	June 30, 2010
Estimated unpaid claims, beginning of year	\$ 297,855	\$ 317,148	\$ 336,040
Claims incurred and changes in estimates	13,804	4,365	9,129
Claims paid	(102,632)	(23,658)	(28,021)
Estimated unpaid claims, end of year	\$ 209,027	\$ 297,855	\$ 317,148

At June 30, 2012, the District had a certificate of deposit with a balance of \$102,112, which is required for the District's workers compensation self-insurance program.

The United States has been experiencing a widespread recession accompanied by declines in residential real estate sales, mortgage lending and related construction activity, higher energy costs and other inflationary trends, and weakness in the commercial and investment banking systems, and is engaged in a war, all of which are likely to continue to have far-reaching effects on the economic activity in the country for an indeterminate period. The near- and long-term impact of these factors on the State's economy and the District's operating activities cannot be predicted at this time but may be substantial.

### 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.

The District does not accrue for estimated future legal and defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters but rather, records such as period costs when the services are rendered.

(Continued)

# SOUTHERN NEVADA HEALTH DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

### Note 9. Defined Benefit Pension Plan

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. NRS 286 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. The District does not exercise any control over PERS. NRS 286.110 states, "Respective participating public employers are not liable for any obligation of the system." PERS financial statements are available by calling or writing to:

Public Employees' Retirement System  
693 West Nye Lane  
Carson City, Nevada 89703-1599  
(775) 687-4200

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. NRS 286 establishes the contribution requirements of plan members and the District. Contribution requirements may only be amended through legislation.

As of June 30, 2012, the District's contribution rates and amounts contributed for regular members for the previous three years are as follows:

<u>For the Year Ending June 30,</u>	<u>Contribution Rate</u>	<u>Contribution Amount</u>
2012	23.75 %	\$ 8,676,560
2011	21.50 %	7,575,933
2010	21.50 %	7,474,523

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

### Note 10. Postemployment Benefits Other Than Pensions (OPEB)

#### Plan Description

The District participates in Clark County's Self-Funded Health Benefit Plan (Self-Funded 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), which is also an agent multiple-employer defined benefit OPEB plan. 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 or the Health Maintenance Organization Plan (HMO).

The Self-Funded Plan benefit provisions are established and amended by the Clark County Self-Insurer's Executive Committee. PEBP eligibility and subsidy requirements are governed by NRS and can only be amended through legislation. In 2008, the NRS were amended. As a result of this amendment, the number of retirees for whom the District is obligated to provide postemployment benefits is limited to eligible employees who retired from District service prior to September 1, 2008.

(Continued)

# SOUTHERN NEVADA HEALTH DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

---

The Self-Funded Plan and PEBP issue publicly available financial reports that include financial statements and required supplementary information. The Self-Funded Plan 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

### 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, 2012, 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 are enrolled in this plan. During fiscal 2012, 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 30 years.

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

(Continued)

# SOUTHERN NEVADA HEALTH DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

	PEBP	Self-Funded Plan
Contribution rates	Set by State Legislature	Actuarially determined, premium sharing determined by union contracts
District	\$79 per month after 5 years of service up to \$436 per month after 20 years	Implicit subsidy through blending of active and retiree loss experience
Plan members	From \$0 to \$436, depending on level of coverage and subsidy earned	From \$851 to \$1,209 per month for family coverage, depending on plan

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 2012:

	PEBP	Self-Funded Plan	Total
Annual required contribution (ARC)	\$ 580,596	\$ 3,160,355	\$ 3,740,951
Interest on net OPEB obligation	42,464	231,146	273,610
Adjustment to ARC	<u>(61,393)</u>	<u>(334,180)</u>	<u>(395,573)</u>
Annual OPEB cost	561,667	3,057,321	3,618,988
OPEB contributions made	<u>(337,967)</u>	<u></u>	<u>(337,967)</u>
Increase in net OPEB obligation	223,700	3,057,321	3,281,021
Net OPEB obligation (prepayment), beginning of year	<u>(34,237)</u>	<u>6,874,490</u>	<u>6,840,253</u>
Net OPEB obligation (prepayment), end of year	<u>\$ 189,463</u>	<u>\$ 9,931,811</u>	<u>\$ 10,121,274</u>

The funded status of the plan as of the most recent actuarial valuation date was as follows:

(Continued)

# SOUTHERN NEVADA HEALTH DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percent of Covered Payroll
PEBP						
July 1, 2010	\$	\$ 9,110,069	\$ 9,110,069	0.0 %	N/A *	N/A *
Self-Funded Plan						
July 1, 2010		20,455,969	20,455,969	0.0 %	36,149,066	56.6 %

\* The Public Employee Benefit Plan is a closed plan; and therefore, there are no current covered employees.

The 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 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.

The District's annual OPEB cost, the percentage of annual cost contributed to the plan, and the net OPEB obligation (prepayment) for the fiscal years ended June 30, 2012, 2011 and 2010 were as follows:

For the Year Ended June 30.	Annual OPEB Cost	OPEB Contributions Made	Percentage Contributed	Net OPEB Obligation (Prepayment)
PEBP				
2012	\$ 561,667	\$ 337,967	60.2 %	\$ 189,463
2011	570,587	453,144	79.4 %	(34,236)
2010	390,732	434,854	111.3 %	(151,679)
Self-Funded Plan				
2012	3,057,321		0.0 %	9,931,811
2011	3,105,873		0.0 %	6,874,489
2010	1,914,588		0.0 %	3,768,616

### 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.

Significant actuarial methods and assumptions as of the most recent actuarial valuation date were as follows:

(Continued)

# SOUTHERN NEVADA HEALTH DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

	PEBP	Self-Funded Plan
Actuarial valuation date	July 1, 2010	July 1, 2010
Actuarial cost method	Entry age normal Level dollar	Entry age normal Level dollar
Amortization method	amount	amount
Amortization period	30 years	30 years
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
Subsidy trend rate		
Initially	10%	10%
Ultimately	5%	5%
Current year	9.5%	9.5%

\* The Public Employee Benefit Plan is a closed plan; and therefore, there are no current covered employees.

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

## REQUIRED SUPPLEMENTARY INFORMATION



**SOUTHERN NEVADA HEALTH DISTRICT**

**POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS  
SCHEDULE OF FUNDING PROGRESS  
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
<b>PUBLIC EMPLOYEE BENEFIT PROGRAM</b>						
July 1, 2010	\$	\$ 9,110,069	\$ 9,110,069	0.0 %	N/A *	N/A *
July 1, 2008		3,550,918	3,550,918	0.0 %	N/A *	N/A *
<b>CLARK COUNTY SELF-FUNDED HEALTH BENEFIT PLAN</b>						
July 1, 2010		20,455,969	20,455,969	0.0 %	36,149,066	56.6 %
July 1, 2008		17,989,082	17,989,082	0.0 %	32,879,990	54.7 %

\* The Public Employee Benefit Plan is a closed plan; and therefore, there are no current covered employees.

# SOUTHERN NEVADA HEALTH DISTRICT

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES</b>				
Charges for services				
Title XIX Medicaid	\$ 585,387	\$ 585,387	\$ 608,192	\$ 22,805
General services	6,227,469	6,227,469	5,200,688	(1,026,781)
Regulatory services	23,445,397	23,445,397	22,897,904	(547,493)
Program contract services	2,883,120	2,883,120	1,879,517	(1,003,603)
Intergovernmental revenues				
Property tax allocation	19,870,482	19,870,482	5,692,534	(14,177,948)
State funding	500,000	500,000	437,330	(62,670)
Indirect federal grants	7,302,623	7,302,623	8,092,743	790,120
Direct federal grants	10,694,984	10,694,984	10,995,381	300,397
Contributions and donations	14,050	14,050	13,157	(893)
Interest income	700,000	700,000	477,086	(222,914)
Other	9,823	9,823	14,594	4,771
<b>Total revenues</b>	<b>72,233,335</b>	<b>72,233,335</b>	<b>56,309,126</b>	<b>(15,924,209)</b>
<b>EXPENDITURES</b>				
Public health				
Nursing				
Salaries and wages	11,962,731	11,962,731	11,063,531	899,200
Employee benefits	4,511,970	4,511,970	3,878,280	633,690
Services and supplies	5,445,843	5,445,843	4,984,588	461,255
<b>Total nursing</b>	<b>21,920,544</b>	<b>21,920,544</b>	<b>19,926,399</b>	<b>1,994,145</b>
Environmental health				
Salaries and wages	10,339,869	10,339,869	10,234,913	104,956
Employee benefits	3,903,301	3,903,301	3,646,267	257,034
Services and supplies	1,359,424	1,359,424	1,325,271	34,153
<b>Total environmental health</b>	<b>15,602,594</b>	<b>15,602,594</b>	<b>15,206,451</b>	<b>396,143</b>
Community health services				
Salaries and wages	5,451,893	5,451,893	4,918,641	533,252
Employee benefits	2,058,090	2,058,090	1,726,490	331,600
Services and supplies	8,897,533	8,897,533	7,748,564	1,148,969
<b>Total community health services</b>	<b>16,407,516</b>	<b>16,407,516</b>	<b>14,393,695</b>	<b>2,013,821</b>
Other				
Salaries and wages	11,215,905	11,215,905	9,395,832	1,820,073
Employee benefits	4,233,000	4,233,000	3,756,641	476,359
Services and supplies	5,483,947	5,483,947	5,545,048	(61,101)
<b>Total other</b>	<b>20,932,852</b>	<b>20,932,852</b>	<b>18,697,521</b>	<b>2,235,331</b>
<b>Total public health</b>	<b>74,863,506</b>	<b>74,863,506</b>	<b>68,224,066</b>	<b>6,639,440</b>
<b>Total expenditures</b>	<b>74,863,506</b>	<b>74,863,506</b>	<b>68,224,066</b>	<b>6,639,440</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<b>(2,630,171)</b>	<b>(2,630,171)</b>	<b>(11,914,940)</b>	<b>(9,284,769)</b>
<b>OTHER FINANCING USES</b>				
Transfers out	(20,762,089)	(20,762,089)	(4,753,060)	16,009,029
<b>CHANGE IN FUND BALANCE</b>	<b>(23,392,260)</b>	<b>(23,392,260)</b>	<b>(16,668,000)</b>	<b>6,724,260</b>
<b>FUND BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>			28,332,469	
Adjustment			1,717,608	
<b>FUND BALANCE, BEGINNING OF YEAR, AS ADJUSTED</b>	<b>26,289,979</b>	<b>26,289,979</b>	<b>30,050,077</b>	<b>3,760,098</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 2,897,719</b>	<b>\$ 2,897,719</b>	<b>\$ 13,382,077</b>	<b>\$ 10,484,358</b>

# SOUTHERN NEVADA HEALTH DISTRICT

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2012

---

### **Note 1. Postemployment Benefits Other Than Pensions**

For the year ended June 30, 2012, no significant events occurred that would have affected; and therefore, would have changed the benefit provision, size or composition of those covered by the postemployment benefit plans, or the actuarial methods and assumptions used in the actuarial valuation reports dated July 30, 2010 and July 1, 2008.

The actuarial accrued liability and unfunded actuarial accrued liability involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. These estimates are subject to continual revision.

The actuarial valuation reports dated July 1, 2010 and July 1, 2008 are the only valuations do date of the postemployment benefit plans. As additional actuarial valuations are obtained this schedule will ultimately present information from the three most recent valuations. Additional information related to postemployment benefits other than pensions can be found in Note 10 to the basic financial statements.

### **Note 2. Budget Information**

The accompanying required supplementary schedule of revenues, expenditures and changes in fund balance presents the original adopted budget, the final amended budget, and actual general fund data. The original budget was adopted on a basis consistent with financial accounting policies and with accounting principles generally accepted in the United States. All amendments made to the original budget were as prescribed by law and similarly consistent.

Additional budgetary information can be found in Note 2 to the basic financial statements.

## OTHER SUPPLEMENTARY INFORMATION

**MAJOR GOVERNMENTAL FUNDS**

# SOUTHERN NEVADA HEALTH DISTRICT

## BOND RESERVE FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

---

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Interest income	\$ <u>170,000</u>	\$ <u>170,000</u>	\$ <u>187,038</u>	\$ <u>17,038</u>
EXCESS OF REVENUES OVER EXPENDITURES	170,000	170,000	187,038	17,038
OTHER FINANCING SOURCES				
Transfers in	<u>1,452,026</u>	<u>1,452,026</u>	<u>406,444</u>	<u>(1,045,582)</u>
CHANGE IN FUND BALANCE	1,622,026	1,622,026	593,482	(1,028,544)
FUND BALANCE, BEGINNING OF YEAR	<u>10,605,538</u>	<u>10,605,538</u>	<u>10,627,219</u>	<u>21,681</u>
FUND BALANCE, END OF YEAR	<u>\$ 12,227,564</u>	<u>\$ 12,227,564</u>	<u>\$ 11,220,701</u>	<u>\$ (1,006,863)</u>

# SOUTHERN NEVADA HEALTH DISTRICT

## CAPITAL PROJECTS FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Contributions and donations	\$	\$	\$ 26,560	\$ 26,560
Interest income	<u>60,000</u>	<u>60,000</u>	<u>78,150</u>	<u>18,150</u>
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>104,710</u>	<u>44,710</u>
<b>EXPENDITURES</b>				
Public health				
Capital outlay	<u>16,681,337</u>	<u>16,681,337</u>	<u>754,194</u>	<u>15,927,143</u>
Total expenditures	<u>16,681,337</u>	<u>16,681,337</u>	<u>754,194</u>	<u>15,927,143</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(16,621,337)</u>	<u>(16,621,337)</u>	<u>(649,484)</u>	<u>15,971,853</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>16,681,337</u>	<u>16,681,337</u>	<u>3,534,845</u>	<u>(13,146,492)</u>
CHANGE IN FUND BALANCE	60,000	60,000	2,885,361	2,825,361
FUND BALANCE, BEGINNING OF YEAR	<u>3,737,934</u>	<u>3,737,934</u>	<u>4,641,199</u>	<u>903,265</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,799,934</u>	<u>\$ 3,797,934</u>	<u>\$ 7,526,560</u>	<u>\$ 3,728,626</u>

**PROPRIETARY FUNDS**



# SOUTHERN NEVADA HEALTH DISTRICT

## SOUTHERN NEVADA PUBLIC HEALTH LABORATORY ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	\$ 1,234,033	\$ 1,234,033	\$ 1,162,237	\$ 71,796
Employee benefits	465,848	465,848	528,311	(62,463)
Services and supplies	623,845	623,845	437,401	186,444
Depreciation	282,000	282,000	182,828	99,172
Repairs and maintenance			175,966	(175,966)
Indirect cost allocation			534,725	(534,725)
Total operating expenses	<u>2,605,726</u>	<u>2,605,726</u>	<u>3,021,468</u>	<u>(415,742)</u>
Operating loss	<u>(2,605,726)</u>	<u>(2,605,726)</u>	<u>(3,021,468)</u>	<u>(415,742)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Indirect federal grants	615,019	615,019	1,160,177	545,158
Interest income	60,000	60,000	93,317	33,317
Loss on asset dispositions			(2,678)	(2,678)
Total nonoperating revenues (expenses)	<u>675,019</u>	<u>675,019</u>	<u>1,250,816</u>	<u>575,797</u>
Loss before transfers	<u>(1,930,707)</u>	<u>(1,930,707)</u>	<u>(1,770,652)</u>	<u>160,055</u>
<b>TRANSFERS</b>				
Transfers in	<u>1,990,707</u>	<u>1,990,707</u>	<u>511,771</u>	<u>(1,478,936)</u>
CHANGE IN NET POSITION	60,000	60,000	(1,258,881)	(1,318,881)
NET POSITION, BEGINNING OF YEAR	<u>3,834,530</u>	<u>3,834,530</u>	<u>5,914,381</u>	<u>2,079,851</u>
NET POSITION, END OF YEAR	<u>\$ 3,894,530</u>	<u>\$ 3,894,530</u>	<u>\$ 4,655,500</u>	<u>\$ 760,970</u>

# SOUTHERN NEVADA HEALTH DISTRICT

## INSURANCE LIABILITY RESERVE INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING EXPENSES				
Workers compensation self-insurance claims	\$ 200,000	\$ 200,000	\$	\$ 200,000
Operating loss	<u>(200,000)</u>	<u>(200,000)</u>	<u></u>	<u>200,000</u>
NONOPERATING REVENUES				
Interest income	<u>8,500</u>	<u>8,500</u>	<u>13,468</u>	<u>4,968</u>
Loss before transfers	<u>(191,500)</u>	<u>(191,500)</u>	<u>13,468</u>	<u>204,968</u>
TRANSFERS				
Transfers in	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u></u>
CHANGE IN NET POSITION	108,500	108,500	313,468	204,968
NET POSITION, BEGINNING OF YEAR	<u>373,535</u>	<u>373,535</u>	<u>567,614</u>	<u>194,079</u>
NET POSITION, END OF YEAR	<u>\$ 482,035</u>	<u>\$ 482,035</u>	<u>\$ 881,082</u>	<u>\$ 399,047</u>

FIDUCIARY FUNDS

**SOUTHERN NEVADA HEALTH DISTRICT**

**AGENCY FUND  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2012**

---

	<u>Retiree Health Insurance</u>
ASSETS	
Cash and cash equivalents	\$ <u>419,779</u>
Total assets	\$ <u><u>419,779</u></u>
LIABILITIES	
Due to others	\$ <u>419,779</u>
Total liabilities	\$ <u><u>419,779</u></u>

# SOUTHERN NEVADA HEALTH DISTRICT

## AGENCY FUND STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2012

---

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
RETIREE HEALTH INSURANCE				
ASSETS				
Cash and cash equivalents	\$ <u>334,383</u>	\$ <u>85,396</u>	\$ <u></u>	\$ <u>419,779</u>
LIABILITIES				
Due to others	\$ <u>334,383</u>	\$ <u>85,396</u>	\$ <u></u>	\$ <u>419,779</u>

## CAPITAL ASSETS

# SOUTHERN NEVADA HEALTH DISTRICT

## SCHEDULE OF GOVERNMENTAL FUND CAPITAL ASSETS - BY SOURCE

JUNE 30, 2012

---

GOVERNMENTAL	FUND	CAPITAL	
ASSETS			
Land			\$ 2,059,765
Buildings			4,697,563
Improvements other than buildings			9,221,653
Furniture, fixtures and equipment			10,066,815
Vehicles			<u>670,401</u>
Total governmental fund capital assets			<u>\$ 26,716,197</u>
INVESTMENT IN GOVERNMENTAL FUND			
CAPITAL ASSETS BY SOURCE			
General fund			<u>\$ 26,716,197</u>
Total investment in governmental fund capital assets by source			<u>\$ 26,716,197</u>

# SOUTHERN NEVADA HEALTH DISTRICT

## SCHEDULE OF GOVERNMENTAL FUND CAPITAL ASSETS - BY FUNCTION AND ACTIVITY

JUNE 30, 2012

	<u>Land</u>	<u>Buildings</u>	<u>Improvements other than buildings</u>	<u>Furniture, fixtures and equipment</u>	<u>Vehicles</u>	<u>Total</u>
GOVERNMENTAL FUND CAPITAL ASSETS						
Public health						
Nursing	\$	\$	\$ 36,018	\$ 1,718,957	\$	\$ 1,754,975
Environmental health			14,516	1,733,912		1,748,428
Community health services			78,262	947,274		1,025,536
Other	<u>2,059,765</u>	<u>4,697,563</u>	<u>9,092,857</u>	<u>5,626,672</u>	<u>670,401</u>	<u>22,147,258</u>
Total public health	<u>2,059,765</u>	<u>4,697,563</u>	<u>9,221,653</u>	<u>10,026,815</u>	<u>670,401</u>	<u>26,676,197</u>
TOTAL GOVERNMENTAL FUND CAPITAL ASSETS	<u>\$ 2,059,765</u>	<u>\$ 4,697,563</u>	<u>\$ 9,221,653</u>	<u>\$ 10,026,815</u>	<u>\$ 670,401</u>	<u>\$ 26,676,197</u>



# SOUTHERN NEVADA HEALTH DISTRICT

## SCHEDULE OF CHANGES IN GOVERNMENTAL FUND CAPITAL ASSETS - BY FUNCTION AND ACTIVITY

**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>July 1, 2011</u>	<u>Increases *</u>	<u>Decreases *</u>	<u>June 30, 2012</u>
GOVERNMENTAL FUND CAPITAL ASSETS				
Public health				
Nursing	\$ 1,620,333	\$ 160,116	\$ 25,474	\$ 1,754,975
Environmental health	1,945,641	64,102	221,315	1,788,428
Community health services	22,264,235	328,525	445,502	22,147,258
Other	831,429	201,451	7,344	1,025,536
Total public health	<u>26,661,638</u>	<u>754,194</u>	<u>699,635</u>	<u>26,716,197</u>
TOTAL GOVERNMENTAL FUND CAPITAL ASSETS				
	<u>\$ 26,661,638</u>	<u>\$ 754,194</u>	<u>\$ 699,635</u>	<u>\$ 26,716,197</u>

\* Includes transfers between functions and programs, if any.

INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL AND COMPLIANCE

P B T K

PIERCY BOWLER  
TAYLOR & KERN

Certified Public Accountants  
Business Advisors

**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***

Board of Health  
Southern Nevada Health District  
Las Vegas, 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, 2012, and have issued our report thereon dated November 16, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States 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.

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 and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying schedule of findings and question costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness and an other deficiency that we consider to be a significant deficiency.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and question costs as item 2012-1 to be a material weakness.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and question costs as item 2012-2 to be a significant deficiency.

## 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 listed in Nevada Revised Statutes (NRS) 354.624 (5)(a)(1 through 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 we reported to management of the District in a separate letter dated November 16, 2012.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and question costs. We did not audit the District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management and members of the Board of Health and others within the District. However, this report is a matter of public record, and its distribution is not limited.



November 16, 2012

# STATISTICAL SECTION

## SOUTHERN NEVADA HEALTH DISTRICT

NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS (UNAUDITED)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental activities</b>										
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	\$ 9,194,972
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	15,892,860
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>	<u>25,087,832</u>
<b>Business-type activities</b>										
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	862,310
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	607,834	253,194	177,993	1,066,753	2,274,702	3,008,217	4,948,330	3,793,190
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>	<u>4,655,500</u>
<b>Primary government</b>										
Net investment in capital assets	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	10,057,282
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	19,686,050
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>	<u>\$ 29,743,332</u>

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

SOUTHERN NEVADA HEALTH DISTRICT

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS (UNAUDITED)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>EXPENSES</b>										
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	\$ 7,651,569
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	2,841,367
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	5,234,679
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	2,791,319
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	2,447,825
Other nursing programs	596,558	808,863	1,131,084	717,646	488,175	200,888	-	-	-	-
Indirect cost allocation	-	-	-	-	-	-	-	-	-	4,940,210
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	25,906,969
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	12,937,138
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	2,553,745
Other environmental health programs	373,413	344,835	341,361	405,592	408,450	480,521	451,712	463,513	599,153	685,653
Indirect cost allocation	-	-	-	-	-	-	-	-	-	3,615,358
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	19,791,894
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	5,222,816
Health education	2,175,434	2,510,925	2,300,824	-	-	-	-	-	-	-
Disaster recovery	-	-	-	-	-	59,346	14,098	168,549	315,106	425,763
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	1,536,027
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	-	-	-	-	-	-	-
Indirect cost allocation	-	-	-	-	-	-	-	-	-	1,720,846
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	8,905,452
Community health services:										
Administration	-	-	-	-	233,435	153,913	257,760	277,793	677,353	1,266,661
Health education	-	-	-	1,902,621	1,997,851	2,148,168	2,207,059	2,523,480	9,779,637	8,587,683
Epidemiology	-	-	-	1,000,324	1,440,716	1,220,115	1,164,790	1,120,337	1,322,758	1,156,060
Public health preparedness	-	-	-	4,018,104	3,541,232	4,154,798	4,400,431	8,859,153	4,782,010	3,204,142
Emergency medical services	-	-	-	613,169	667,957	689,888	842,260	711,375	703,006	661,575
Indirect cost allocation	-	-	-	-	-	-	-	-	-	3,365,266
Total community health services	-	-	-	7,534,218	7,881,191	8,366,882	8,872,300	13,492,138	17,264,764	18,241,387
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	72,845,702
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	3,021,468
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	3,021,468
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	\$ 75,867,170

(continued)

SOUTHERN NEVADA HEALTH DISTRICT

CHANGES IN NET POSITION  
(CONTINUED)  
LAST TEN FISCAL YEARS (UNAUDITED)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>REVENUES</b>										
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	\$ 1,851,045
General nursing administration	521,470	425,023	87,812	98,682	97,604	99,875	26,079	22,895	1,975	1,581
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	2,648,802
Women's health	439,859	243,684	170,988	269,012	334,550	343,831	389,103	374,566	337,062	238,410
Children's health	32,344	33,638	138,488	112,003	146,272	432,722	707,089	809,788	317,577	378,615
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	5,118,453
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	15,206,888
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	1,372,380
Other environmental health programs	116,595	249,614	227,383	219,271	253,010	327,056	338,118	431,481	417,613	433,000
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	17,012,268
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	5,834,530
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	2,488,364
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	8,322,894
Community health services										
Health education	-	-	-	286	115,637	103,682	102,540	604,382	-	22,320
Epidemiology	-	-	-	-	-	-	-	-	450	7,870
Public health preparedness	-	-	-	-	365,821	13,905	-	4,494	-	4,313
Emergency medical services	-	-	-	63,266	109,808	76,431	87,889	83,996	93,127	74,979
Total community health services	-	-	-	63,552	591,266	194,018	190,429	692,872	93,577	109,482
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	19,600,974
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	50,164,071
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	1,160,177
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	1,160,177
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	51,324,248

(continued)



SOUTHERN NEVADA HEALTH DISTRICT

CHANGES IN NET POSITION  
(CONTINUED)  
LAST TEN FISCAL YEARS (UNAUDITED)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>NET EXPENSE</b>										
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)	\$ (22,681,631)
Business-type activities	-	-	26,687	(534,867)	(244,646)	(240,132)	(598,020)	(1,001,259)	(952,680)	(1,861,291)
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>	<u>(24,542,922)</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>										
Governmental activities										
Property tax allocation	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	5,692,534
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 interest income	316,124	186,360	357,976	658,511	1,006,472	1,552,946	1,633,740	958,966	961,355	755,742
Loss on disposal of capital assets	-	-	-	-	-	-	-	-	-	(3,220)
Transfers	(9,715)	-	(973,050)	(1,031,631)	(526,928)	(1,064,673)	(1,502,813)	(1,516,204)	(2,650,861)	(511,771)
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>	<u>5,933,285</u>
Business-type activities										
Unrestricted interest income	-	-	5,427	20,320	10,693	27,205	58,307	49,662	72,870	93,317
Loss on disposal of capital assets	-	-	-	-	-	(53,534)	-	-	-	(2,678)
Transfers	-	-	973,050	1,031,631	526,928	1,064,673	1,502,813	1,516,204	2,650,861	511,772
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>	<u>602,411</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>	<u>6,535,696</u>
<b>CHANGE IN NET POSITION</b>										
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)	(16,748,346)
Business-type activities	-	-	1,005,164	517,084	292,975	798,212	963,100	564,607	1,771,051	(1,258,880)
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>	<u>\$ (18,007,226)</u>

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

## SOUTHERN NEVADA HEALTH DISTRICT

FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS (UNAUDITED)

	2003	2004	2005	2006	2007	2008	2009	2010	2011 <sup>(1)</sup>	2012
<b>General Fund</b>										
Reserved	\$ 2,281,647	\$ 1,908,986	\$ 1,642,535	\$ 2,295,848	\$ 2,067,574	\$ 1,636,429	\$ 1,700,863	\$ 723,788	\$ -	\$ -
Unreserved	4,909,859	9,222,634	13,541,705	15,797,637	19,528,050	26,595,141	25,177,271	31,685,852	-	-
Nonspendable	-	-	-	-	-	-	-	-	598,058	1,007,507
Assigned to other purposes	-	-	-	-	-	-	-	-	407,366	-
Unassigned	-	-	-	-	-	-	-	-	27,327,045	12,374,570
Total general fund	<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>	<u>\$ 13,382,077</u>
<b>All Other Governmental Funds</b>										
Reserved	\$ 97,638	\$ 81,246	\$ 207,213	\$ 252,803	\$ 147,190	\$ 507,542	\$ 603,261	\$ 401,413	\$ -	\$ -
Unreserved reported in:										
Capital projects fund	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	11,220,701
Assigned to:										
Capital improvements	-	-	-	-	-	-	-	-	4,445,423	7,526,560
Total all other governmental funds	<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>\$ 15,072,642</u>	<u>\$ 18,747,261</u>

(1) With GASB 54 becoming effective in fiscal 2011, there are new fund balance classifications that 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)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>REVENUES</b>										
Title XIX and fees for services	\$ 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	\$ 5,808,880
Regulatory services	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	22,897,904
Program contract services	691,783	615,672	717,826	350,965	1,618,959	2,652,518	2,644,428	2,835,603	2,308,693	1,879,517
State funding	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	437,330
Indirect federal grants	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	8,092,743
Direct federal grants	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	10,995,381
Contributions and donations	246,038	481,002	388,897	778,421	4,131	11,803	27,148	12,556	13,777	39,717
Property tax allocation	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	5,692,534
Other	449,863	273,599	384,493	819,558	1,002,861	1,581,990	1,633,181	965,975	970,298	756,868
	<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>	<u>56,600,874</u>
<b>EXPENDITURES</b>										
Nursing	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	19,926,399
Environmental health	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	15,206,451
Community health services	-	-	-	7,233,815	7,706,454	8,091,703	8,606,149	12,339,907	16,786,519	14,393,695
Administration, operations and maintenance	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	18,697,521
Capital outlay	4,159,747	3,430,743	2,014,306	1,761,244	1,580,900	946,771	906,512	627,100	1,363,248	754,194
	<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>	<u>68,978,260</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<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>	<u>(12,377,386)</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
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	3,941,289
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)	(4,753,060)
Sale of capital assets	59,612	-	-	-	-	-	-	-	-	-
	<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>	<u>(811,771)</u>
<b>CHANGE IN FUND BALANCES</b>	<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>	<u>\$ (13,189,157)</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

ASSESSSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY IN CLARK COUNTY  
LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Real Property		Personal Property		Total		Total Assessed Value as a Percentage of Total Estimated Market Value	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Direct Tax Rate		
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%
2012	53,342,794,997	152,407,985,706	3,369,755,692	9,627,873,406	56,712,550,689	0.6391	162,035,859,112	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)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
County direct rate	0.6202	0.6502	0.6502	0.6425	0.6416	0.6391	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	0.1700	0.1850	0.1850	0.1850	0.1850	0.1850	0.1850	0.1850	0.1850
<b>City rates:</b>										
Boulder City	0.2038	0.2038	0.2038	0.1844	0.2038	0.2038	0.2188	0.2600	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	0.7809	0.7796	0.7792	0.7774	0.7774	0.7775	0.7715	0.7715	0.7715	0.7715
Mesquite	0.3020	0.3020	0.5520	0.5520	0.5520	0.5520	0.5520	0.5520	0.5520	0.5520
North Las Vegas	1.1987	1.1987	1.1987	1.1887	1.1687	1.1637	1.1637	1.1637	1.1637	1.1637
<b>Unincorporated town rates:</b>										
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	-	-	-	-	-	-	-	-	-	-
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	0.1094	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	0.1224	0.1153	0.1172	0.1223	0.1222	0.1212	0.1212	0.0600	0.0200	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
<b>Other special district rates:</b>										
Boulder City Library	0.1655	0.1655	0.1640	0.1625	0.1555	0.1485	0.1485	0.1485	0.1595	0.1755
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	0.0287	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	0.0531	0.0535	0.0533	0.0533	0.0533	0.0582	0.0590	0.0581	0.0577	0.0575
Kyle Canyon Water District	0.0456	0.0417	0.0414	0.0351	0.0351	0.0346	0.0346	0.0346	0.0346	-
Las Vegas Artesian Basin	0.0020	0.0018	0.0016	0.0013	0.0009	0.0008	0.0008	0.0011	0.0015	-
Las Vegas / Clark County Library District	0.0949	0.0977	0.0958	0.0866	0.0866	0.0866	0.0866	0.0909	0.1011	0.0942
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	0.0970	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 further 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 IN CLARK COUNTY**  
**CURRENT AND NINE YEARS AGO (UNAUDITED)**

Taxpayer	2012			2003		Approximate Percentage of Taxable Assessed Valuation
	Taxable Assessed Value	Rank	Percentage of Total County Assessed Value	Taxable Assessed Value	Rank	
MGM Mirage	\$ 3,048,741,076	1	5.72%	\$ 1,562,896,410	1	4.31%
NV Energy				693,842,733	4	1.91%
Caesar's Entertainment	1,439,571,284	2	2.70%			
Las Vegas Sands Corporation	902,397,749	3	1.69%			
Wynn Resorts Limited	516,860,314	4	0.97%			
Station Casinos Incorporated	455,496,746	5	0.85%	302,381,720	8	0.83%
Boyd Gaming Corporation	397,856,839	6	0.75%			
Nevada Property 1 Limited Liability Company	224,245,988	7	0.42%			
Howard Hughes Corporation	191,098,412	8	0.36%			
Universal Health Services Incorporated	174,235,584	9	0.33%			
Federal National Mortgage Association	161,070,878	10	0.30%			
Park Place Entertainment				929,340,590	2	2.56%
Mandalay Resort Group				893,662,830	3	2.46%
Venetian Casino Resort Limited Liability Company				395,797,160	5	1.09%
F.S. Rouse Limited Liability Company				371,902,710	6	1.03%
Harrah's Club				316,902,170	7	0.87%
Central Telephone Company				193,865,270	9	0.53%
Sierra-Nevada Multifamily Investments				191,640,630	10	0.53%
	<u>\$ 7,511,574,870</u>		<u>14.08%</u>	<u>\$ 5,852,232,223</u>		<u>16.13%</u>
Countywide assessed valuation (real property)	<u>\$ 53,342,794,997</u>			<u>\$ 36,258,580,003</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 IN CLARK COUNTY  
LAST TEN FISCAL YEARS (UNAUDITED)**

<u>Fiscal Fiscal Year</u>	<u>Net Secured Tax Roll Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Tax Collections as a Percentage of Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes as a Percentage of Current Levy</u>
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%	22,550,172	1,758,924,890	99.37%	11,202,252	0.63%
2012	1,600,895,122	1,576,913,229	98.50%	**	1,576,913,229	98.50%	**	**

Source: Clark County Treasurer

\*\* Information is not yet available

## SOUTHERN NEVADA HEALTH DISTRICT

### DEMOGRAPHIC AND ECONOMIC STATISTICS FOR CLARK COUNTY LAST TEN FISCAL YEARS (UNAUDITED)

Calendar Year	County Population <sup>(1)</sup>	County Per Capita Personal Income <sup>(2)</sup>	School Enrollment <sup>(3)</sup>	Unemployment Rate <sup>(4)</sup>
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	35,723	309,476	15.00%
2011	1,972,514	**	309,126	13.80%
2012	**	**	308,377	12.80%

**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)**

Name	2012			2003		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Clark County School District	35,000	1	4.30%	28,500	1	3.82%
Clark County, Nevada	7,750	2	0.95%	9,250	2	1.24%
Wynn Las Vegas, LLC	7,750	3	0.95%	-		
Bellagio, LLC	7,750	4	0.95%	-		
MGM Grand Hotel/Casino	7,750	5	0.95%	-		
Aria Resort and Casino, LLC	6,750	6	0.83%	-		
Mandalay Bay Resort and Casino	6,750	7	0.83%	6,250	3	0.84%
University of Nevada - Las Vegas	5,750	8	0.71%	4,750	7	0.64%
Las Vegas Metropolitan Police	5,250	9	0.64%	4,750	8	0.64%
Caesars Palace	5,250	10	0.64%	5,250	5	0.70%
The Mirage Casino Hotel	-			5,750	4	0.77%
Ballys and Paris Casino Hotels	-			-		
Rio Suite Hotel	-			4,250	9	0.57%
State of Nevada	-			5,250	6	0.70%
University Medical Center	-			3,750	10	0.50%
	<u>95,750</u>		<u>11.75%</u>	<u>77,750</u>		<u>10.43%</u>
Total employment in Clark County as of June 30	<u>814,600</u>			<u>745,200</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)**

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Nursing	203	205	204	205	162	177	172	163	166	164
Environmental Health	107	107	117	135	140	158	156	148	142	146
Community Health Services (A)	-	-	50	54	49	54	55	53	50	48
Administration, Operations and Maintenance	163	166	132	139	135	151	152	146	149	153
Southern Nevada Public Health Laboratory (B)	-	-	10	12	10	10	14	15	15	15
	<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>	<u>526</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)

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Nursing</b>										
Communicable diseases										
Reported diseases:										
Hepatitis A	17	7	13	15	4	4	11	12	8	1
Hepatitis B (Acute)	62	53	25	27	40	28	33	34	30	7
Influenza	207	58	182	202	95	270	528	528	485	6
Pertussis	22	16	30	22	15	24	6	12	29	9
Amebiasis	17	13	13	9	9	10	11	5	13	2
Campylobacteriosis	103	101	96	86	119	135	107	120	98	51
Escherichia coli 0157:H7	17	20	13	10	22	12	14	15	33	29
Giardiasis	94	74	73	82	71	94	75	67	60	24
Immunizations	447,255	390,295	343,883	310,514	270,326	273,662	302,982	200,142	202,936	203,713
Sexually-transmitted diseases:										
Syphilis	74	125	259	287	314	277	289	230	356	266
Gonorrhea	1,748	2,902	2,941	2,503	2,260	2,207	1,576	1,697	1,618	1,809
Chlamydia	4,437	4,692	6,209	5,812	7,276	7,773	7,681	8,414	8,029	8,618
People living with HIV	3,913	2,960	2,722	2,939	3,065	3,028	266	271	240	237
Diagnosed cases of AIDS	3,913	4,172	4,240	4,468	5,533	4,962	230	187	195	212
<b>Environmental Health</b>										
Food and beverage established inspections										
Routine	21,418	17,956	22,011	26,960	25,229	25,229	24,486	27,030	21,061	21,165
Special event	2,137	2,183	2,531	2,877	3,553	3,597	3,696	3,761	3,854	4,764
Complaint driven	1,742	1,668	1,995	1,942	2,370	1,800	1,517	1,409	1,690	1,492
Epi related	693	676	542	584	565	615	369	41	35	48
<b>Community Health Services</b>										
Emergency medical services										
Active certifications:										
First Responder	74	58	68	52	33	20	4	1	-	-
EMT - Basic	1,300	1,452	1,283	1,118	910	881	784	671	560	532
EMT - Intermediate	1,290	1,440	1,437	1,474	1,405	1,336	1,322	1,369	1,365	1,347
EMT - Paramedic	650	766	821	812	913	947	985	1,018	1,073	1,118
EMT - Instructors	272	286	300	356	382	389	383	356	353	338

(continued)

## SOUTHERN NEVADA HEALTH DISTRICT

OPERATING INDICATORS BY FUNCTION/PROGRAM  
(CONTINUED)  
LAST TEN FISCAL YEARS (UNAUDITED)

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Community Health Services (continued)</b>										
Epidemiology										
Reported diseases:										
Amebiasis	-	-	-	-	-	10	11	5	13	2
Coccidioidomycosis	33	55	62	58	57	63	50	56	81	55
Cryptosporidiosis	-	-	-	-	-	16	1	4	12	-
Invasive Group A Strep	-	-	-	-	-	26	11	-	1	-
Invasive Strep Pneumoniae	-	-	-	-	-	5	1	2	47	27
Legionellosis	-	-	-	-	-	10	11	17	11	4
Listeriosis	-	-	-	-	-	6	2	1	1	1
Lyme Disease	-	-	-	-	-	9	4	1	2	3
Menengitis, Aseptic/Viral	136	86	80	70	54	61	47	32	41	14
Menengitis, Bacterial	23	19	15	13	18	21	11	7	9	2
Meningococcal Disease	7	4	8	5	3	6	1	4	2	-
Rotavirus	442	673	579	647	356	290	104	90	59	3
RSV	1,415	1,195	1,564	1,556	1,234	1,139	1,049	1,225	1,320	154
Salmonellosis	121	129	144	132	220	166	175	172	188	78
Shigellosis	53	64	54	69	109	159	144	57	40	25
<b>Administrative, Operations and Maintenance</b>										
Health cards issued:										
New	59,029	64,398	67,421	77,781	70,607	64,288	45,492	42,200	39,442	40,302
Renewal	22,481	58,413	50,018	28,619	70,772	62,604	58,949	70,657	60,081	58,142
Other	8,336	12,003	12,966	29,822	10,828	11,378	9,950	9,450	8,835	8,350
Total	<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>122,307</u>	<u>108,358</u>	<u>106,794</u>
Vital records: <sup>(*)</sup>										
Births	24,093	26,292	28,060	29,070	30,589	30,362	19,860	19,613	19,042	20,711
Deaths	12,766	12,782	13,762	13,775	12,664	13,409	10,399	10,157	10,253	11,109

Source: Southern Nevada Health District Finance Department

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

<sup>(\*)</sup> 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)

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 1,754,975
Environmental Health	541,386	725,496	831,792	928,668	989,475	1,069,123	1,029,719	1,189,172	1,945,641	1,788,428
Community Health Services (A)	-	-	-	359,437	382,071	377,644	434,240	712,206	831,429	1,025,536
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	22,147,260
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	2,382,536
	<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>	<u>\$ 29,098,735</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

# SINGLE AUDIT INFORMATION

**P B T K**

**PIERCY BOWLER  
TAYLOR & KERN**

Certified Public Accountants  
Business Advisors

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

Board of Health  
Southern Nevada Health District  
Las Vegas, Nevada

**Compliance**

We have audited the Southern Nevada Health District's (the District) compliance 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, 2012. 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 and 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.

As described in items 2012-3 through 2012-7 in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding activities allowed or unallowed, allowable costs and cost principles, eligibility, subrecipient monitoring, and other requirements that are applicable to its Department of Health and Human Services, Office of the Secretary, Teenage Pregnancy Prevention Program (CFDA 93.297); Department of Health and Human Services, Health Resources and Services Administration, HIV Emergency Relief Project Grants (CFDA 93.914); and the Department of Health and Human Services, Centers for Disease Control and Prevention, Affordable Care Act (ACA), Communities Putting Prevention to Work (CFDA 93.520), Prevention and Wellness, ARRA, Communities Putting Prevention to Work Funding Opportunities Announcement (FOA) (CFDA #93.724), Immunization Grants (CFDA 93.268 and 93.712). Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2012.

## **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, 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 the District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and question costs as items 2012-3, 2012-4 and 2012-6 to be material weaknesses.

A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and question costs as items 2012-5 and 2012-7 to be significant deficiencies.

## **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, 2012, and have issued our report thereon dated November 16, 2012, which contained an unqualified opinion on those financial statements. Our audit was conducted 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and question costs. We did not audit the District's responses and, accordingly, we express no opinion on them.



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

*Piercy Bowler Taylor & Lee*

November 16, 2012

**SOUTHERN NEVADA HEALTH DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012**

Agency/Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Grant Pass-Through Number	Program or Award Amount	Federal Disbursements/ Expenditures
<b>Department of Health and Human Services</b>				
Passed through Nevada Department of Health and Human Services, Aging and Disability Services Division:				
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048	03-008-13-ZX-12	\$ 6,000	\$ 4,181
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048	03-008-14-ZX-12	19,999	1,466
				5,647
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:				
Public Health Emergency Preparedness	93.069	3U90TP916964-10W1	2,561,161	356,813
Public Health Emergency Preparedness	93.069	2U90TP916964-11	2,398,343	1,952,213
Public Health Emergency Preparedness	93.069	3U90TP916964-10W1	713,948	120,355
Public Health Emergency Preparedness	93.069	2U90TP916964-11	618,613	442,854
Public Health Emergency Preparedness	93.069	3U90TP916964-10W1	151,758	52,398
Public Health Emergency Preparedness	93.069	3U90TP916964-10W1	131,486	89,860
Public Health Emergency Preparedness	93.069	1H75TP000337-01	719,061	4,938
Public Health Emergency Preparedness	93.069	1H75TP000337-01	78,475	2,160
Public Health Emergency Preparedness	93.069	1H75TP000337-01	1,247,997	73,010
				3,094,601
Passed through University of Nevada, Las Vegas				
Environmental Public Health and Emergency Response	93.070	12-722X-B-00	43,010	23,873
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	289,278	194,455
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	5U52PS907855	267,754	112,848
				307,303
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	8,049
Injury Prevention and Control Research and State and Community Based Community Based Programs	93.136	5U17CE924825-05&05W1	20,000	20,000
				28,049

\* A major program

**SOUTHERN NEVADA HEALTH DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2012**

Agency/Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Grant Pass-Through Number	Program or Award Amount	Federal Disbursements/ Expenditures
<b>Department of Health and Human Services (Continued)</b>				
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>20,882</u>
Direct Program:				
Family Planning Services	93.217	2FPHPA090159-40-01	52,700	52,700
Family Planning Services	93.217	2FPHPA090159-40-00	1,325,000	720,860
Family Planning Services	93.217	2FPHPA090159-40-01	52,227	47,144
Family Planning Services	93.217	2FPHPA090159-40-03	45,626	25,648
Family Planning Services	93.217	2FPHPA090159-41-00	1,325,000	683,124
				<u>1,529,476</u>
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:				
Immunization Cluster:				
Immunization Cooperative Agreements	93.268*	5H23IP922549-09	626,310	309,467
Immunization Cooperative Agreements	93.268*	5H23IP922549-10	614,310	307,714
Total Immunization Cluster				<u>617,181</u>
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:				
Adult Viral Hepatitis Prevention and Control	93.270	5U51PS000874-04	17,125	17,125
Adult Viral Hepatitis Prevention and Control	93.270	5U51PS000874-05	10,880	4,440
				<u>21,565</u>
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:				
The Affordable Care Act (ACA): Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	3U38HM000449-04WI	61,995	47,077
The Affordable Care Act (ACA): Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	3U50CI000489-03S4	17,000	2,953
The Affordable Care Act (ACA): Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	3U50CI000489-03S4	127,065	102,978
The Affordable Care Act (ACA): Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5U58DP002003-03	160,000	147,148

\* A major program

**SOUTHERN NEVADA HEALTH DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2012**

Agency/Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Grant Pass-Through Number	Program or Award Amount	Federal Disbursements/ Expenditures
<b>Department of Health and Human Services (Continued)</b>				
Passed through Nevada Department of Health and Human Services, Nevada State Health Division (continued):				
The Affordable Care Act (ACA): Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5U58DP002003-03	41,518	<u>34,309</u>
				<u>334,465</u>
Direct Program:				
Teenage Pregnancy Prevention Program	93.297*	6TP1AH000024-01-01	997,257	385,837
Teenage Pregnancy Prevention Program	93.297*	6TP1AH000024-02-01	997,257	664,688
Teenage Pregnancy Prevention Program	93.297*	6TP1AH000024-02-01	198,665	24,243
				<u>1,074,768</u>
Direct Program:				
Centers for Disease Control and Prevention - Affordable Care Act (ACA) - Communities Putting Prevention to Work	93.520*	1U58DP002382-01	3,800,000	<u>2,181,015</u>
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:				
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements	93.521	1U50C1000900-01	47,238	7,885
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements	93.521	5U50C1000900-02	160,700	142,562
				<u>150,447</u>
Direct Program:				
ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)	93.724*	1U58DP002383-01	14,607,991	<u>6,167,154</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	47,367	<u>26,158</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-LX-12	46,704	<u>46,704</u>

\* A major program

**SOUTHERN NEVADA HEALTH DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2012**

Agency/Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Grant Pass-Through Number	Program or Award Amount	Federal Disbursements/ Expenditures
<b>Department of Health and Human Services (Continued)</b>				
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	61,524
National Bioterrorism Hospital Preparedness Program	93.889	6U3REP090220-03-01	1,130,796	926,187
National Bioterrorism Hospital Preparedness Program	93.889	6U3REP090220-02-01	85,042	85,042
National Bioterrorism Hospital Preparedness Program	93.889	6U3REP090220-01-01	42,023	18,274
				<u>1,091,027</u>
Passed through Clark County, Nevada, Department of Social Services:				
HIV Emergency Relief Project Grants	93.914*	Interlocal Agreement	1,433,125	1,029,868
HIV Emergency Relief Project Grants	93.914*	Interlocal Agreement	1,569,686	382,704
				<u>1,412,572</u>
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:				
HIV Prevention Activities - Non-governmental Organization Based	93.939	1H75PS002093-01	523,000	14,036
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	855,909
HIV Prevention Activities - Health Department Based	93.940	1U62PS003654-01	1,420,283	703,064
HIV Prevention Activities - Health Department Based	93.940	5U62PS923483-07	124,913	48,750
				<u>1,607,723</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	120,116
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	5U62PS001038-05	170,799	59,238
				<u>179,354</u>

\* A major program

**SOUTHERN NEVADA HEALTH DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2012**

Agency/Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Grant Pass-Through Number	Program or Award Amount	Federal Disbursements/ Expenditures
<b>Department of Health and Human Services (Continued)</b>				
Passed through Nevada Department of Employment, Training and Rehabilitation:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	B1 NVSAPT	448,238	23,011
Block Grants for Prevention and Treatment of Substance Abuse	93.959	B1 NVSAPT	448,238	407,079
				<u>430,090</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	33,176
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	5H25PS001382-04	75,570	36,611
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	5H25PS001392-03	188,554	117,838
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	5H25PS001382-04	179,437	73,648
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	5H25PS001382-03	234,653	132,467
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	5H25PS001382-04	234,653	116,983
				<u>510,723</u>
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:				
Maternal and Child Health Services Block Grant to the States	93.994	B04MC10725	93,244	79,080
<b>Total Department of Health and Human Services</b>				<u>20,953,893</u>

\* A major program

**SOUTHERN NEVADA HEALTH DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2012**

Agency/Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Grant Pass-Through Number	Program or Award Amount	Federal Disbursements/ Expenditures
<b>Department of Homeland Security</b>				
Passed through Clark County, Nevada, Office of Emergency Management and Homeland Security:				
Homeland Security Cluster:				
Homeland Security Grant Program	97.067	97067U10	853,755	253,595
Homeland Security Grant Program	97.067	97067U10	348,719	52,497
Homeland Security Grant Program	97.067	97067U11	427,766	95,346
Total Homeland Security Cluster				<u>401,438</u>
<b>Total Department of Homeland Security</b>				<u>401,438</u>
<b>Environmental Protection Agency</b>				
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:				
State Public Water System Supervision	66.432	DEP-11-038	90,000	90,000
Passed through Nevada Department of Conservation and Natural Resources:				
Hazardous Waste Management State Program Support	66.801	DEP 11-011	75,000	75,000
Passed through Nevada Department of Conservation and Natural Resources:				
Underground Storage Tank Prevention, Detection, and Compliance Program	66.804	DEP 10-002	170,000	170,000
<b>Total Environmental Protection Agency</b>				<u>335,000</u>
<b>Total Federal Financial Assistance</b>				<u>\$ 21,690,331</u>

\* A major program

# SOUTHERN NEVADA HEALTH DISTRICT

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2012

---

### Note 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, 2012. 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. The reporting entity is defined in Note 1 to the District's basic financial statements. The schedule includes all expended federal financial assistance received directly from federal agencies as well as passed through other government agencies.

### Note 2. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District. All expenditures, including those passed through to subrecipients are presented 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.

The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### Note 3. Subrecipients

During the year ended June 30, 2012, the following awards (including amendments) were given to subrecipients:

	<u>Award Amount</u>
HIV Prevention Activities - Health Department Based (CFDA #93.940)	\$ 367,464
Family Planning Services (CFDA #93.217)	317,700
Preventive Health Services - Sexually Transmitted Diseases Control Grants (CFDA #93.977)	26,399
ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA) (CFDA #93.724)	2,421,409
Centers for Disease Control and Prevention - Affordable Care Act (ACA) - Communities Putting Prevention to Work (CFDA #93.520)	<u>1,270,569</u>
	<u>\$ 4,403,541</u>



# SOUTHERN NEVADA HEALTH DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2012

---

### Section I - Summary of Auditors' Results

#### Financial Statements

Type of auditors' report issued	Unqualified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified that are not considered to be material weaknesses	Yes
Noncompliance material to financial statements	No

#### Federal Awards

Internal control over major programs	
Material weaknesses identified	Yes
Significant deficiencies identified that are not considered to be material weaknesses	Yes
Type of auditors' report issued on compliance for major programs	Qualified
Audit findings required to be reported in accordance with Circular A-133, Section .510(a)	Yes

#### Identification of major programs

CFDA number	93.268
Name of federal program or cluster	Immunization Cooperative Agreements
CFDA number	93.297
Name of federal program or cluster	Teenage Pregnancy Prevention Program
CFDA number	93.520
Name of federal program or cluster	Centers for Disease Control and Prevention – Affordable Care Act (ACA) – Communities Putting Prevention to Work
CFDA number	93.724
Name of federal program or cluster	ARRA - Prevention and Wellness – Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)
CFDA number	93.914
Name of federal program or cluster	HIV Emergency Relief Project Grants

Dollar threshold used to distinguish between Type A and Type B programs	\$650,710
Auditee qualified as low-risk auditee	No

# SOUTHERN NEVADA HEALTH DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

---

**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 and *Government Auditing Standards***

**2012 - 1**

Criteria	Physical inventories, including perpetual, are summarized and reconciled to the general ledger and adjusted to physical counts.
Condition	Vaccine and medical supply inventory counts are performed on a monthly basis at the District's satellite clinic locations. However, the inventory count information is not communicated to the finance department to be used in the calculation of ending inventory balances per the general ledger.
Effect	As of and for the year ended June 30, 2011, inventory in the general fund was understated, and expenditures were overstated, by \$1,717,608, which resulted in a prior period adjustment. As of and for the year ended June 30, 2012, inventory in the general fund was understated, and expenditures were overstated, by \$441,518, which resulted in a current year audit adjustment.
Cause	Inventory counts from the District's satellite locations are not communicated to the accounting department to accurately record inventory on hand at year end. Rather, inventory transferred to satellite locations is immediately recorded as an expenditure in the general fund, regardless of whether amounts may still be on hand at the satellite locations at year end.
Recommendation	We recommend that the monthly satellite inventory counts be communicated to and used by the finance department to determine and record the amount of inventory on hand at year end.
Management's response	Management informed us that the Financial Services Department will collect monthly inventory count sheets from SNHD's public health centers. Inventory count sheets at year end will be used to determine and properly adjust inventory and expense accounts.

# SOUTHERN NEVADA HEALTH DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

---

**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 and *Government Auditing Standards* (continued)**

2012 - 2

Criteria	Year-end journal entries are necessary to properly allocate payroll liabilities between governmental and business-type activities.
Condition	The required entry to allocate payroll liabilities between funds was not recorded at year end.
Effect	A \$628,610 adjusting journal entry was required to properly allocate payroll liabilities between governmental and business-type activities.
Cause	The controls designed to ensure that the year-end payroll allocation entries are properly posted did not function as intended, due to ineffective monitoring for compliance therewith.
Recommendation	We recommend that the District consider modifying its policies and procedures to include a year-end journal entry list to serve as a reminder of what entries need to be posted, and to document when such entries have been posted.
Management's response	Management informed us that the Financial Services policies and procedures will be modified to include year-end checklist for required journal entries as a reminder of what entries need to be posted, and to document when such entries have been posted.

# SOUTHERN NEVADA HEALTH DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

---

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

2012 - 3

Program	CFDA #93.297: Teenage Pregnancy Prevention Program CFDA #93.520: Centers for Disease Control and Prevention – Affordable Care Act (ACA) – Communities Putting Prevention to Work CFDA #93.724: ARRA - Prevention and Wellness – Communities Putting Prevention to Work Funding Opportunities Announcement (FOA) CFDA #93.914: HIV Emergency Relief Project Grants CFDA #93.268 and #93.712: Immunization Grants
Specific requirements	OMB Circular A-87, Attachment B, Paragraph 8h: (5) Personnel activity reports or equivalent documentation must meet the following standards: (a) They must reflect an after-the-fact distribution of the actual activity of each employee.
Condition and context	We interviewed five different employees regarding the process and method for recording time and effort on grant-related activities. Each employee interviewed indicated that time and effort reporting is based on the budgeted hours in the grant document, rather than actual time spent on grant related activities.
Questioned costs	Since records of actual time are not maintained, we are unable to quantify the amount of questioned costs (if any) related to this finding.
Effect	Grant expenditures reported to granting agencies related to payroll, fringe benefits, and indirect costs may be misstated.
Cause	There is no formal policy requiring employees to accurately track time between grant and non-grant related activities. Accordingly, we noted that employees eligible to charge time to grants are doing so based on budgeted grant hours rather than actual hours.
Recommendation	As required by OMB Circular A-87, employees that charge time to grants should do so based on actual hours spent working on grant-related activities.
Management's response	Management informed us that current timekeeping policies and procedures will be modified to address the proper recording of time for grant-related activities as required by OMB Circular A-87.

# SOUTHERN NEVADA HEALTH DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

---

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

2012 - 4

Program	<p>CFDA #93.297: Teenage Pregnancy Prevention Program CFDA #93.520: Centers for Disease Control and Prevention – Affordable Care Act (ACA) – Communities Putting Prevention to Work CFDA #93.724: ARRA - Prevention and Wellness – Communities Putting Prevention to Work Funding Opportunities Announcement (FOA) CFDA #93.914: HIV Emergency Relief Project Grants CFDA #93.268 and #93.712: Immunization Grants</p>
Specific requirements	<p>OMB Circular A-87, Attachment B, Paragraph 8d: The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, sick leave, holidays, court leave, military leave, and other similar benefits, are allowable if: (b) the costs are equitably allocated to all related activities, including Federal awards.</p>
Condition and context	<p>Per examination of time cards and discussion with grant employees, we noted that each employee interviewed is recording budgeted hours instead of actual hours worked on the grant-related activities. Additionally, we noted there is not a formal procedure in place to determine how to allocate the cost. Our understanding is that such benefits are charged to grant-related activities based on budgeted amounts as opposed to actual amounts. This methodology does not constitute an equitable allocation of these costs to all related activities, including Federal awards.</p> <p>The time charged to grants also serves as the basis for allocating certain other indirect costs based on the application of an indirect cost charge rate (typically 9.9% for the grants tested). Accordingly, the indirect cost allocation may be misstated since the indirect cost charge rate is being applied to a base that may not be accurate due to the current process of charging time and compensated absences to grant activities.</p>
Questioned costs	<p>Since records of actual time are not maintained, we are unable to quantify the amount of questioned costs (if any) related to this finding.</p>
Effect	<p>Grant expenditures reported to granting agencies related to fringe benefits and indirect costs may be misstated.</p>
Cause	<p>There is no formal policy documenting how fringe benefits should be allocated between grant and non-grant activities. Accordingly, these costs are not being consistently and equitably allocated to all related activities, including those activities involving federal grant programs.</p>
Recommendation	<p>We recommend that a formal procedure be put in place to determine and document how certain benefits should be allocated, and that the methodology developed equitably allocate the cost of compensated absences such as annual leave, sick leave, holidays, and other similar benefits to all related activities, including activities related to federal grant programs.</p>
Management's response	<p>Management informed us that current timekeeping policies will be modified to address the proper recording of time for grant-related activities as required by OMB Circular A-87. The compensated absences portion of the fringe benefits, such as annual leave, sick leave, and holiday pay will be allocated in the same proportion as the actual time that is spent in the grant.</p>

# SOUTHERN NEVADA HEALTH DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2012

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

2012 - 5

Program	CFDA #93.914: HIV Emergency Relief Project Grants
Specific requirements	Procedures are in place to ensure the accuracy and completeness of data used to determine eligibility requirements.
Condition and context	<p>On two different occasions, the District had incorrect EIS eligibility dates for a patient. The EIS eligibility date is the initial six month period of receiving services prior to completing formal eligibility documentation. In both cases, the incorrect EIS date was later than the true end date of EIS eligibility, and therefore, these patients were incorrectly listed as being eligible for additional services. Although we did not note any ineligible patients that received services during our testing, it is a control deficiency that could have resulted in noncompliance with the eligibility provisions of the grant.</p> <p>This finding was also reported in 2011.</p>
Questioned costs	Questioned costs are undeterminable but would be limited to a portion of the hourly wages of the employees who provide the services to ineligible patients, the supplies consumed and a percentage of the overhead allocated to the grant program for ineligible patients.
Effect	Patients could have received care beyond their EIS eligibility date.
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 patient eligibility requirements, and it should exercise additional control by implementing a periodic review of EIS eligibility dates recorded in the system.
Management's response	<p>Management informed us that the District has made significant strides to rectify findings of the prior year with relation to the eligibility status of clients, and ensuring services rendered are within the authorized time frame. As an example, specific reporting forecasts have been initiated to include clients approaching expiration within 45 days. Further, with the aid of the grantee, in May 2012 the District recruited and hired an onsite Eligibility Worker to ensure that all clients receiving services funded by the District have fulfilled appropriate Part A eligibility requirements.</p> <p>Based on 2012 concerns, the District will work collaboratively with the grantee to ensure that the CareWare data system can accommodate the varied eligibility exceptions/definitions, and that documented and approved exceptions/definitions are provided to the auditor prior to review.</p> <p>Lastly, the District will proactively work collaboratively with the grantee and HRSA to ensure that the CareWare data system is capable of tracking eligibility throughout the TGA-per agency, thus correcting current problems which have been noted on a national basis. These software problems contribute to overall eligibility issues discovered by the "initiated specific reporting forecasts reviews" completed by the District over the last year.</p>

# SOUTHERN NEVADA HEALTH DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

---

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

2012 - 6

Program	CFDA #93.520: Centers for Disease Control and Prevention – Affordable Care Act (ACA) – Communities Putting Prevention to Work CFDA #93.724: ARRA - Prevention and Wellness – Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)
Specific requirements	<p>OMB Circular A-133, Subpart B—Audits, § __.210 Subrecipient and Vendor Determinations</p> <p>(e) For-profit subrecipient. Since this part does not apply to for-profit subrecipients, the pass-through entity is responsible for establishing requirements, as necessary, to ensure compliance by for-profit subrecipients. The contract with the for-profit subrecipient should describe applicable compliance requirements and the for-profit subrecipient's compliance responsibility. Methods to ensure compliance for Federal awards made to for-profit subrecipients may include pre-award audits, monitoring during the contract, and post-award audits.</p> <p>OMB Circular A-133, Subpart D--Federal Agencies and Pass- Through Entities, § __.400 Responsibilities.</p> <p>(d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:</p> <p>(1) Identify Federal awards made by informing each subrecipient of the CFDA title and number, award name and number, award year, if the award is R&amp;D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.</p> <p>(3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.</p> <p>(4) Ensure that subrecipients expending \$300,000 (\$500,000 for fiscal years ending after December 31, 2003) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.</p> <p>(5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.</p> <p>(6) Consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records.</p>
Condition and context	<p>We noted that there is no formal subrecipient monitoring policy in place at the District and that subrecipient monitoring is performed on a discretionary basis. Because of this, the extent and timing of subrecipient monitoring is inconsistent, not well documented and is often insufficient. Subrecipient monitoring at the District is typically performed through review of reimbursement requests and additional detail testing, which is performed through site visits or through electronic transmission of detailed supporting documentation. Only summary-level information is provided by subrecipients as supporting documentation for reimbursement requests, which we believe is not sufficient to determine that federal awards are being used by the subrecipient for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements.</p> <p>Our testing of subrecipients revealed the following:</p> <p>Subaward agreements do not disclose the CFDA title and number of the related federal program;</p> <p>Although the single audit compliance report was obtained for the Clark County School District (CCSD), the District did not review the report to determine if their subaward was listed (it was not). Accordingly, the District's subaward was not subject to compliance testing as part of the CCSD annual A-133 compliance audit;</p> <p>The single audit compliance report was not requested for City of Henderson. Although the subaward to the City of Henderson was less than \$500,000, the City is still subject to an annual A-133 compliance audit;</p> <p>We examined a sample of subrecipient agreements for CFDA #93.520 and CFDA #93.724 and noted various issues with the monitoring process for each.</p>

# SOUTHERN NEVADA HEALTH DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

---

Questioned costs	None.
Effect	Subrecipients may not be aware that they may be subject to federal grant compliance requirements, which many result in noncompliance with such requirements. In addition, the District may not detect circumstances in which federal awards passed through to subrecipients are not used for authorized purposes in compliance with applicable laws, regulations, and the provisions of contracts or grant agreements.
Cause	There is no formal subrecipient monitoring policy in place to guide those charged with the monitoring and oversight function.
Recommendation	We recommend that a formal subrecipient monitoring policy be drafted and adopted. The policies should include risk-based guidance on which subrecipients should be tested and the various procedures to be performed to provide reasonable assurance that subrecipients are maintaining compliance with the requirements of the various grants.
Management's response	Management informed us that CFDA title and number of the related federal program will be disclosed and shall form part of the sub-award agreement. District will make sure that sub-awardee's report is reviewed to determine that the sub-award is listed. Form Request will be sent to all sub-awardees and response(s) will be reviewed in order to determine if they are subject to or exempt from the annual single audit report compliance. In addition, program staff will continue to review and approve invoices in relation to the compliance of required deliverables before payment is processed by the fiscal staff.



# SOUTHERN NEVADA HEALTH DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

---

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

2012 - 7

Program	CFDA #93.914: HIV Emergency Relief Project Grants
Specific requirements	<p>Circular A-133 §____.210 Subrecipient and vendor determinations.</p> <p>(b) Federal award. Characteristics indicative of a Federal award received by a subrecipient are when the organization:</p> <ol style="list-style-type: none"><li>(1) Determines who is eligible to receive what Federal financial assistance;</li><li>(2) Has its performance measured against whether the objectives of the Federal program are met;</li><li>(3) Has responsibility for programmatic decision making;</li><li>(4) Has responsibility for adherence to applicable Federal program compliance requirements; and</li><li>(5) Uses the Federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity.</li></ol> <p>(c) Payment for goods and services. Characteristics indicative of a payment for goods and services received by a vendor are when the organization:</p> <ol style="list-style-type: none"><li>(1) Provides the goods and services within normal business operations;</li><li>(2) Provides similar goods or services to many different purchasers;</li><li>(3) Operates in a competitive environment;</li><li>(4) Provides goods or services that are ancillary to the operation of the Federal program; and</li><li>(5) Is not subject to compliance requirements of the Federal program.</li></ol>
Condition and context	We noted that four vendors were misclassified as subrecipients for CFDA #93.914. We examined all contractors related to CFDA #93.914 for proper classification as a subrecipient or vendor.
Questioned costs	None.
Effect	The notes to the schedule of expenditures of federal awards inappropriately listed vendors as subrecipients. In addition, vendors could potentially be subjected to subrecipient monitoring procedures, which are unnecessary in the circumstances.
Cause	Controls designed to provide reasonable assurance that vendor / subrecipient determinations are accurate did not function as intended, due to ineffective monitoring for compliance therewith.
Recommendation	We recommend that a checklist be developed using the criteria delineated in Circular A-133 §____.210, and implemented to assist in the determination of vendors versus subrecipients.
Management's response	Management informed us that checklist will be developed using criteria delineated in Circular A-133 §____.210 and implemented to assist in the determination of vendor versus sub-recipient.

# SOUTHERN NEVADA HEALTH DISTRICT

## SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS

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 and *Government Auditing Standards***

**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	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.e., 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.
Current status	Corrected

# SOUTHERN NEVADA HEALTH DISTRICT

## SCHEDULE OF PRIOR 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 and *Government Auditing Standards* (continued)

2011 - 2

Criteria	Invoices are reviewed for proper period recognition and accounting treatment.
Condition	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.
Current status	Corrected

**SOUTHERN NEVADA HEALTH DISTRICT**  
**SCHEDULE OF PRIOR 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

Program	CFDA #93.914: HIV Emergency Relief Project Grants
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 and 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.
Current status	Not corrected. See finding and management response in 2012-5.