



FISCAL YEAR 2018
Financial
Statement



FISCAL YEAR 2018 FINANCIAL STATEMENT

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FISCAL YEAR 2018 FINANCIAL STATEMENT

Financial Section



Independent Auditor's Report

The Board of Health and
Director of Administration
Southern Nevada Health District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southern Nevada Health District (the Health District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Health District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Health District, as of June 30, 2018, and the respective changes in financial position and, where, applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Correction of Error

As discussed in Note 11 to the financial statements, certain errors occurred in the determination or classification of payments to satisfy employee contribution requirements in the adoption, as of July 1, 2016, of GASB Statement No. 82, *Pension Issues – An Amendment of GASB No. 67, No. 68, and No. 73* (“GASB 82”), resulting in the overstatement of amounts previously reported for deferred outflows of resources, net pension liability-related amounts for the year ended June 30, 2017, and were discovered by management during the current year based on communications from the Public Employees’ Retirement System of Nevada (PERS), including a restated Schedule of Employer Allocations for GASB 82 Implementation. Accordingly, amounts for deferred outflows of resources, net pension liability-related amounts, have resulted in a restatement of net position as of July 1, 2017. Our opinions are not modified with respect to these matters.

Adoption of New Accounting Standard – GASB 75

As discussed in Note 1 and Note 11 to the financial statements, Southern Nevada Health District has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which has resulted in a restatement of the net position as of July 1, 2017. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 5 through 14 as well as the respective budgetary comparison for the General Fund and the Special Revenue Fund, the schedules of changes in the Health District’s total OPEB liability and related ratios, the schedule of the Health District’s proportionate share of the net pension liability, and the schedule of District contributions for the Health District’s defined benefit pension plan on pages 46 through 51 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 management’s discussion and analysis and pension and OPEB trend data in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the budgetary comparison information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Health District's basic financial statements. The individual fund schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulation (CFR) Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the financial statements.

The individual fund schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 of America. In our opinion, the individual fund schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 31, 2018 on our consideration of the Health District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Health District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Health District's internal control over financial reporting and compliance.

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

Las Vegas, Nevada
October 31, 2018



FINANCIAL SECTION

Management's Discussion and Analysis

As members of the Southern Nevada Health District's management, we offer the readers of the financial statements of Southern Nevada Health District (Health District) this narrative overview and analysis of the financial activities of the Health District for the fiscal year ended June 30, 2018.

Financial Highlights

The Health District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$49,541,235. Of this amount, unrestricted net position could be used to meet the government's on-going obligations to citizens and creditors, if it were a positive number.

The Health District's total net position increased by \$4,169,720 primarily due to increased Revenues and a corresponding lower overall Expense growth between years. Additionally, a Prior Period Restatement of Fiscal Year 2017 net position related to Pension Liability due to the implementation of GASB 82, which amends GASB 68 and GASB 75, changed how governments calculate and report the cost and obligations associated with pensions and other postemployment benefits. This decreased the Fiscal Year 2017 Net Position from (\$40,048,475) to (\$53,710,955).

The Health District's total revenue increased by \$2,129,727. This was primarily due to increases in charges for services, driven by increased volume of clients served, as well as increased Investment Income. Expenses increased by \$707,709, reflecting slightly over 1% increase over Fiscal Year 2017. Of the Division Totals, Community Health expenses decreased by \$478,934.

Overview of the Financial Statements

The discussion and analysis provided herein is intended to serve as an introduction to the Southern Nevada Health District's basic financial statements. The Health District's basic financial statements consist of three components:

Government-wide financial statements

Fund financial statements

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 Health District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the Health District's assets, deferred outflows, liabilities and deferred inflows. The difference between these elements 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 Health District is improving or deteriorating.

The *statement of activities* presents information showing how the Health District'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 Health District 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*). There were no business-type activities in 2018. The governmental activities of the Health District are comprised of the following divisions:

Clinical Services. Includes programs for communicable diseases, clinical services administration, immunizations, women's health, children's health, refugee health, and other clinical programs.

Environmental Health. Includes programs for environmental health and sanitation, waste management, and other environmental health programs.

Community Health. Includes programs for community health administration, chronic disease prevention and health promotion, epidemiology, public health preparedness, emergency medical/trauma services, disease surveillance, vital statistics, and informatics.

Administration. Includes programs for general administration, financial services, legal services, public information, food handler education, facilities maintenance, information technology, human resources, and business group.

The government-wide financial statements can be found beginning on page 15 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 Health District, 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 Health District can be divided into three categories:

Governmental funds

Proprietary funds

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 the Health District'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 Health District'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 Health District maintains four 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, special revenue fund, bond reserve fund, and capital projects fund, all of which are considered to be major funds.

The Health District adopts an annual appropriated budget for its general and special revenue fund. A budgetary comparison statement has been provided for both to demonstrate compliance with each budget.

The basic governmental fund financial statements can be found beginning on page 17 of this report.

Proprietary Funds

The Health District on June 30, 2016 maintained two different types of proprietary funds; but as of June 30, 2017, the Health District only maintains an internal service fund:

The *enterprise fund* which was used to report the same functions presented as business-type activities in the government-wide financial statements. The Health District accounted for the activity of the Southern Nevada Public Health Laboratory in an enterprise fund. Effective July 1, 2016 the laboratory department and function was moved to the Health District general fund.

An *internal service fund* is used to accumulate and allocate costs internally among various functions. The Health District uses an internal service fund to account for the management of its self-insured workers compensation claims and payment for current non-self-insured workers compensation premiums. The Health District's self-insured workers compensation program became effective on July 1, 2005, after it was approved by the Division of Insurance of the State of Nevada on May 12, 2005 and the Southern Nevada District Board of Health on May 26, 2005. The Health District made the decision in August 2015 to move to a fully funded plan to manage the workers compensation claims. The internal service fund must remain open for future claims from injuries between 2005 and 2015.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The internal service fund is a single, aggregated presentation in the proprietary fund financial statements. The basic proprietary fund financial statements can be found beginning on page 21 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 Health District's own programs. The Health District created an Employee Events Fund in July 2015 to manage funds collected by employees to be managed and used by and for employees.

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.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Health District's progress in funding its obligation to provide pension and other postemployment benefits (OPEB) to its employees.

Required supplementary information can be found beginning on page 46 of this report.

Government-wide Overall Financial Analysis

Summary Statement of Net Position

	Total Primary Government	
	<u>2018</u>	<u>2017</u>
Assets		
Current, restricted and other	\$ 34,765,058	\$ 30,650,831
Capital Assets	27,126,324	26,842,043
Total Assets	61,891,382	57,492,874
Deferred outflows of resources	10,180,924	16,972,554
Liabilities		
Current	9,290,423	8,653,952
Long-term	98,431,390	94,432,611
Total Liabilities	107,721,813	103,086,563
Deferred inflows of resources	13,891,729	11,427,340
Net Position:		
Invested in capital assets	27,126,324	26,842,043
Restricted	89,000	89,000
Prior Period Restatement		(13,662,480)
Unrestricted	(76,756,560)	(66,979,518)
Total Net Position	\$ (49,541,236)	\$ (53,710,955)

Total unrestricted net position represents negative 155% of total net position of Governmental Activities and is not available to meet the Health District's ongoing obligations to citizens and creditors. The remainder of the Health District's net position, a negative 55% reflects its investment in capital assets (*e.g.*, land, buildings, equipment, vehicles, infrastructure) and funds restricted for grants. The Health District uses these capital assets to provide a variety of services to citizens. Accordingly, these assets are not available for future spending.

The Health District's total net position increased by \$4,169,720 primarily due to increased Revenues and a corresponding lower overall Expense growth between years.

Summary Statement of Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Program revenues:						
Charges for services	\$ 33,904,339	\$ 30,928,469	-	-	\$ 33,904,339	\$ 30,928,469
Operating grants and contributions	16,943,288	18,547,680	-	-	16,943,288	18,547,680
General revenues:						
Property Tax Allocation	20,934,126	20,109,032	-	-	20,934,126	20,109,032
Unrestricted investment income (loss)	212,214	(41,128)	-	-	212,214	(41,128)
Miscellaneous	387,855	708,042	-	-	387,855	708,042
Total Revenues	72,381,822	70,252,095	-	-	72,381,822	70,252,095
Expenses:						
Public health						
Clinical services	23,887,323	23,497,958	-	-	-	23,497,958
Environmental health	20,535,778	20,223,228	-	-	-	20,223,228
Community health services	22,664,556	23,143,490	-	-	22,664,556	23,143,490
Administration	1,124,445	639,717	-	-	1,124,445	639,717
Total expenses	68,212,102	67,504,393	-	-	68,212,102	67,504,393
Change in net position before transfers	4,169,720	2,747,702	-	-	4,169,720	2,747,702
Special item-transfer of business type activities	-	(2,932,077)	-	2,932,077	-	-
Transfers	-	213,357	-	(213,357)	-	-
Change in net position	4,169,720	28,982	-	2,718,720	4,169,720	2,747,702
Net position, beginning of year	(40,048,475)	(40,077,457)	-	(2,718,720)	(40,048,475)	(42,796,177)
Prior Period Restatement	(13,662,480)	-	-	-	(13,662,480)	-
Net Position, Beginning of the Year (As Restated)	(53,710,955)	-	-	-	(53,710,955)	-
Net position, end of year	\$ (49,541,235)	\$ (40,048,475)	\$ -	\$ -	\$ (49,541,235)	\$ (40,048,475)

Governmental Activities

During the current fiscal year, net position for governmental activities increased \$4,169,720 from the Restated 2017 fiscal year to an ending balance of negative \$49,541,235.

Business-type Activities

The Laboratory business-type activity was relocated in 2017 to the general fund and is now included in the governmental activities.

Financial Analysis of Governmental Funds

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

The focus of the Health District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Health District'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 Health District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Health District's Board of Health.

At June 30, 2018, the Health District's governmental funds reported combined fund balances of \$29,087,176, an increase of \$3,757,798 in comparison with the prior year. Approximately 77%, or \$22,424,692, of this amount constitutes unassigned fund balance, which is available for spending at Health District's discretion. The remainder of governmental fund balance is classified as follows: \$1,010,972 is non-spendable; \$4,788,318 is assigned to capital project improvements; restricted funds of \$55,067 is Grant-related; \$808,127 is assigned to administrative purchases.

The General Fund is the chief operating fund of the Health District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$22,424,692, while the total fund balance is \$24,223,867. As a measure of operating liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total combined general fund and special revenue fund expenditures.

Unassigned fund balance represents approximately 34% of total combined general fund and special revenue fund expenditures and transfers, while total governmental fund balance represents approximately 45% of the total governmental expenditures and transfers. The Health District's general fund balance increased by \$4,459,985 during the current fiscal year, attributable to increased revenue (fees for services driven by increased volume of clients).

Other governmental funds consist of the Special Revenue Fund, the Bond Reserve Fund (also known as Building Fund) and the Capital Projects Fund. The Special Revenue Fund was created in fiscal year 2016 to account for the grant funds the Health District receives and has a non-spendable and restricted fund balance of \$90,766.

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 Clark County issues bonds on behalf of the Health District in order to fund a new facility replacement for the main campus. 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 an assigned fund balance of \$1,779,854 at the end of the current fiscal year, which increased by \$250,435 as compared to the prior fiscal year. The increase is due to the continued transfers from the general fund for major renovations to facilities owned by the Health District. The Capital Projects Fund has \$2,992,689 of fund balance assigned for future capital project improvements. Fund balance in the Capital Projects Fund decreased by \$1,030,272, due to capital outlay expenditures.

Southern Nevada Health District
Management's Discussion and Analysis
June 30, 2018

Fund Revenues by Source:

	<u>2018</u>		<u>2017</u>		<u>Increase(Decrease)</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<u>General Fund Revenues</u>						
Charges for Services						
Title XIX Medicaid	\$ 568,723	1.03%	\$ 930,802	1.81%	\$ (362,079)	-38.90%
Vital records, immunizations and other medical services	13,554,356	24.57%	10,958,711	21.26%	2,595,645	23.69%
Regulatory services	19,781,259	35.85%	19,019,582	36.90%	761,677	4.00%
Program contract services	-	0.00%	19,374	0.04%	(19,374)	-100.00%
Total charges for services	<u>33,904,338</u>	<u>61.45%</u>	<u>30,928,469</u>	<u>60.01%</u>	<u>2,975,869</u>	<u>9.62%</u>
Intergovernmental revenues						
Property tax allocation	<u>20,934,126</u>	<u>37.94%</u>	<u>20,109,032</u>	<u>39.01%</u>	<u>825,094</u>	<u>4.10%</u>
Contributions and donations	45,421	0.08%	4,800	0.01%	40,621	846.28%
Interest income	193,514	0.35%	(34,001)	-0.07%	227,515	-669.14%
Other	<u>99,267</u>	<u>0.18%</u>	<u>534,688</u>	<u>1.04%</u>	<u>(435,421)</u>	<u>-81.43%</u>
Total general fund revenues	<u>55,176,667</u>	<u>100%</u>	<u>51,542,988</u>	<u>100%</u>	<u>3,633,679</u>	<u>7.05%</u>
<u>Special Revenue Fund Revenues</u>						
Intergovernmental revenues						
State funding	440,237	2.57%	1,094,989	5.85%	(654,752)	-59.80%
Indirect federal grants	11,908,156	69.45%	11,596,555	61.98%	311,601	2.69%
Direct federal grants	<u>4,549,473</u>	<u>26.53%</u>	<u>5,851,336</u>	<u>31.27%</u>	<u>(1,301,863)</u>	<u>-22.25%</u>
Total intergovernmental revenues	<u>16,897,866</u>	<u>98.55%</u>	<u>18,542,880</u>	<u>99.11%</u>	<u>(1,645,014)</u>	<u>-8.87%</u>
Program contract services	<u>248,084</u>	<u>1.45%</u>	<u>167,396</u>	<u>0.89%</u>	<u>80,688</u>	<u>48.20%</u>
Total special revenue fund revenues	<u>17,145,950</u>	<u>100.00%</u>	<u>18,710,276</u>	<u>100.00%</u>	<u>(1,564,326)</u>	<u>-8.36%</u>
Combined Special Revenue & General Funds	<u>\$ 72,322,616</u>		<u>\$ 70,253,264</u>		<u>\$ 2,069,352</u>	

The increase in vital records, immunizations and other medical services and regulatory services is due to increased numbers of patients.

The increase in the property tax allocation of \$825,094 is due to a growing local economy, increases in property values, and subsequent increased property taxes. There is a 3% property tax cap on increases for all property in the State of Nevada.

Intergovernmental revenues (excluding the property tax allocation) were lower in the amount of \$1,564,326 due to decreases in various federal and pass-through grant awards.

The increase in interest income was due to increased fair market value compared to book value at year end from investments.

GENERAL FUNDS EXPENDITURES

	2018		2017		Increase(Decrease)	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<u>General Fund Expenditures</u>						
Current						
Public health						
Clinical services	\$ 16,116,188	35.40%	\$ 14,960,218	35.91%	\$ 1,155,970	7.73%
Environmental health	19,850,136	43.60%	19,451,702	46.70%	398,434	2.05%
Community health services	10,133,629	22.26%	9,109,308	21.87%	1,024,321	11.24%
Administration	(901,792)	-1.98%	(2,629,161)	-6.31%	1,727,369	-65.70%
Capital outlay						
Public health	<u>330,077</u>	<u>0.72%</u>	<u>763,173</u>	<u>1.83%</u>	<u>(433,096)</u>	<u>-56.75%</u>
Total general fund expenditures	<u>45,528,238</u>	<u>100.00%</u>	<u>41,655,240</u>	<u>100.00%</u>	<u>3,872,998</u>	<u>9.30%</u>
<u>Special Revenue Fund Expenditures</u>						
Current						
Public health						
Clinical services	7,894,286	37.94%	8,495,479	36.08%	(601,193)	-7.08%
Environmental health	690,527	3.32%	630,107	2.68%	60,420	9.59%
Community health services	12,213,295	58.69%	14,055,911	59.69%	(1,842,616)	-13.11%
Administration	-	0.00%	-	0.00%	-	-
Capital outlay						
Public health	<u>11,702</u>	<u>0.06%</u>	<u>365,909</u>	<u>1.55%</u>	<u>(354,207)</u>	<u>-96.80%</u>
Total special revenue fund expenditures	<u>20,809,810</u>	<u>100.00%</u>	<u>23,547,406</u>	<u>100.00%</u>	<u>(2,737,596)</u>	<u>-11.63%</u>
Combined General Funds & Special Revenue	<u>\$ 66,338,048</u>		<u>\$ 65,202,646</u>		<u>\$ 1,135,402</u>	<u>1.74%</u>

General Fund Budget Highlights

Final budget compared to actual results

Current budget procedure allows funds to be moved within programs and departments. Revenues exceeded Budgeted amounts by \$2,392,650. Fees generated from increased patient volume as well as income generated from investments contributed to the overage.

Total expenditures were below budgeted amounts by \$2,499,860. Actual salaries and employee benefits were under budget by \$2,814,704. Services and supplies were over budget by approximately \$227,767.

Detailed information of budgeted revenue and expenditures and actual revenue and expenditures are included in the Supplementary Information on Page 46 of the Financial Report.

CAPITAL ASSETS

As of June 30, 2018, Health District's net investment in capital assets for its governmental activities was \$27,126,324. This investment in capital assets includes land, buildings and improvements, vehicles and equipment. The net increase in capital assets for the current fiscal year was approximately \$284,282, or 1%.

Governmental activities:	<u>June 30, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2018</u>
Governmental activities capital assets, net	\$ 26,842,042	\$ 294,773	\$ (10,491)	\$ -	\$ 27,126,324

Some of the larger capital asset additions for the governmental type funds for fiscal year ending June 30, 2018 included Main Building Improvements, costs related to upgrading computer hardware, computer software, and other related Information Technology equipment, as well as a final payment for the ERP system. The District also purchased a Mobile Immunization Clinic and 2 other vehicles. These items are included in the list below:

Main Building (280 S. Decatur) Roof and HVAC Repair (net):	\$1,074,470
Servers, Hardware and additional costs to the ERP system:	\$877,326
Mobile Immunization Clinic and 2 District Vehicle Purchases:	\$285,209

The Health District deleted capital assets by \$264,595. This included obsolete Office and Information Technology equipment as well as 2 District Vehicles.

In 2018, the District executed a contract with eClinicalWorks, LLC for \$245,250 to purchase and implement an electronic Health Records system, which is scheduled for implementation in Fiscal Year 2019.

Additional detailed information on the District's capital assets can be found in Note 4 of this report.

Long-term Debt

At the end of the current fiscal year, the District has no outstanding debt.

Economic Factors and Next Year's Budgets and Rates

The Health District has strengthened its financial status by increasing revenue, cutting costs, and working an ongoing effort to gain efficiencies in its processes. The Affordable Care Act has increased revenue at the Health District by shifting clients from receiving free services to clients that are insured. The amount saved by not having lease costs at the main building will aid the Health District's operations substantially in future years.

Although created as an independent governmental entity pursuant to Nevada Revised Statute (NRS) 439.361, the Health District has no taxing authority and must rely on revenue 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, the Health District is faced with the need to maintain a reserve to respond effectively to a possible pandemic outbreak and other public health emergencies. The Board of Health continued its previous approval of \$1,000,000 of fund balance to be used if needed for that purpose.

The Health District is confronted with inflationary factors affecting the cost of equipment, supplies, and other services. In addition, benefit costs will be higher due to increased retirement contributions and group insurance costs.

The Health District 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 72.8% of Nevada's population and is 4.7 times the population of Washoe County in Northern Nevada. The additional Federal support will enable the Health District to better address the needs of residents requiring services.

At present, the Health District has the financial resources and capacity to maintain current service levels. Since fiscal year 2011, the Health District continues to have a surplus of revenue over expenditures. However, to maintain that position the Health District must closely monitor revenues and expenditures.

Request for Information

These financial statements are 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: Financial Services Manager
280 S. Decatur Blvd. P.O. Box 3902
Las Vegas, Nevada, 89127

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



FINANCIAL SECTION

Basic Financial Statements



FINANCIAL SECTION > BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Southern Nevada Health District
Statement of Net Position
June 30, 2018

	Governmental Activities
Assets	
Cash and equivalents, unrestricted	\$ 28,765,348
Restricted cash	89,000
Grants receivable	3,517,906
Accounts receivable	1,039,578
Interest receivable	93,662
Other receivable	248,018
Prepaid items	175,426
Inventories	836,120
Capital assets not being depreciated	
Land	3,447,236
Construction in progress	156,177
Capital assets, net of accumulated depreciation and amortization	
Buildings	16,425,998
Improvements other than buildings	2,180,417
Furniture, fixtures and equipment	4,483,360
Vehicles	433,137
Total assets	<u>61,891,383</u>
Deferred Outflows of Resources	
Deferred amounts related to pensions	9,655,348
Deferred amounts related to OPEB	525,576
	<u>10,180,924</u>
Liabilities	
Accounts payable	3,185,072
Accrued expenses	1,780,584
Workers compensation self-insurance claims	125,000
Unearned revenue	370,000
Long-term liabilities, due within one year	
Compensated absences	3,829,767
Long-term liabilities, due in more than one year	
Compensated absences	2,407,358
Net pension liability	67,704,469
Total OPEB liability	28,319,563
Total liabilities	<u>107,721,813</u>
Deferred Inflows of Resources	
Deferred amounts related to pensions	11,147,435
Deferred amounts related to OPEB	2,744,294
	<u>13,891,729</u>
Net Position	
Net investment in capital assets	27,126,325
Restricted	89,000
Unrestricted (deficit)	(76,756,560)
Total net position	<u>\$ (49,541,235)</u>

Southern Nevada Health District
Statement of Activities
For the Fiscal Year Ended June 30, 2018

Function/Program	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position Primary Government
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities				
Public health				
Clinical services	\$ 23,887,323	\$ 7,095,402	\$ 6,351,554	\$ (10,440,367)
Environmental health	20,535,778	19,504,219	580,163	(451,396)
Community health	22,664,556	4,481,677	10,011,571	(8,171,308)
Administration	1,124,445	2,823,041	-	1,698,596
Total governmental activities	68,212,102	33,904,339	16,943,288	(17,364,475)
Total function/program	<u>\$ 68,212,102</u>	<u>\$ 33,904,339</u>	<u>\$ 16,943,288</u>	<u>(17,364,475)</u>
General Revenues				
Property tax allocation				20,934,126
Other income				387,855
Unrestricted investment loss				212,214
Total general revenues and transfers				21,534,195
Change in Net Position				4,169,720
Net Position, Beginning of Year				(40,048,475)
Prior Period Restatement				(13,662,480)
Net Position, Beginning of Year (as Restated)				(53,710,955)
Net Position, End of Year				<u>\$ (49,541,235)</u>



FINANCIAL SECTION > BASIC FINANCIAL STATEMENTS

Fund Financial Statements

Southern Nevada Health District
Governmental Funds – Balance Sheet
June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Funds		Total Governmental Funds
			Bond Reserve	Capital Projects	
Assets					
Cash and cash equivalents	\$ 23,562,486	\$ -	\$ 1,781,987	\$ 3,169,045	\$ 28,513,518
Grants receivable	-	3,517,906	-	-	3,517,906
Accounts receivable, net	1,039,578	-	-	-	1,039,578
Other receivables	247,499	519	-	-	248,018
Interest receivable	76,672	-	5,819	10,349	92,840
Due from other funds	2,821,844	-	-	-	2,821,844
Inventories	836,120	-	-	-	836,120
Prepaid items	139,153	35,699	-	-	174,852
Total assets	<u>\$ 28,723,352</u>	<u>\$ 3,554,124</u>	<u>\$ 1,787,806</u>	<u>\$ 3,179,394</u>	<u>\$ 37,244,676</u>
Liabilities					
Accounts payable	\$ 2,348,901	\$ 641,514	\$ 7,952	\$ 186,705	\$ 3,185,072
Accrued payroll and related items	1,780,584	-	-	-	1,780,584
Unearned revenue	370,000	-	-	-	370,000
Due to other funds	-	2,821,844	-	-	2,821,844
Total liabilities	<u>4,499,485</u>	<u>3,463,358</u>	<u>7,952</u>	<u>186,705</u>	<u>8,157,500</u>
Fund balances					
Nonspendable					
Inventories	836,120	-	-	-	836,120
Prepaid items	139,153	35,699	-	-	174,852
Restricted for					
Grants	-	55,067	-	-	55,067
Assigned to					
Capital improvements	15,775	-	1,779,854	2,992,689	4,788,318
Administration	808,127	-	-	-	808,127
Unassigned	22,424,692	-	-	-	22,424,692
Total fund balances	<u>24,223,867</u>	<u>90,766</u>	<u>1,779,854</u>	<u>2,992,689</u>	<u>29,087,176</u>
Total liabilities and fund balances	<u>\$ 28,723,352</u>	<u>\$ 3,554,124</u>	<u>\$ 1,787,806</u>	<u>\$ 3,179,394</u>	<u>\$ 37,244,676</u>

Southern Nevada Health District
Reconciliation of the Balance Sheet - Governmental Funds to the
Statement of Net Position - Governmental Activities
June 30, 2018

Total fund balance - governmental funds		\$ 29,087,176
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, net of accumulated depreciation	<u>27,126,325</u>	27,126,325
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	(28,319,563)	
Deferred outflows related to postemployment benefits other than pensions	525,576	
Deferred inflows related to postemployment benefits other than pensions	(2,744,294)	
Compensated absences	(6,237,125)	
Net pension liability	(67,704,469)	
Deferred outflows related to pensions	9,655,348	
Deferred inflows related to pensions	<u>(11,147,435)</u>	(105,971,962)
Internal service funds are used by management to charge the costs of certain activities to individual funds:		
Internal service fund assets and liabilities included in governmental activities in the statement of net position	<u>217,226</u>	<u>217,226</u>
Total net position - governmental activities		<u>\$ (49,541,235)</u>

Southern Nevada Health District

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Funds Bond Reserve	Capital Projects	Total Governmental Funds
Revenues					
Charges for services					
Fees for service	\$ 13,554,356	\$ -	\$ -	\$ -	\$ 13,554,356
Regulatory revenue	19,781,259	-	-	-	19,781,259
Title XIX & other	568,724	-	-	-	568,724
Intergovernmental revenues					
Property tax	20,934,126	-	-	-	20,934,126
Direct federal grants	-	4,549,474	-	-	4,549,474
Indirect federal grants	-	11,908,156	-	-	11,908,156
State funding	-	440,237	-	-	440,237
General receipts					
Contributions and donations	45,421	-	-	-	45,421
Interest income	193,514	-	(1,433)	18,123	210,204
Other	99,267	248,083	-	36,800	384,150
Total revenues	<u>55,176,667</u>	<u>17,145,950</u>	<u>(1,433)</u>	<u>54,923</u>	<u>72,376,107</u>
Expenditures					
Current					
Public health					
Clinical & nursing services	16,116,188	7,894,286	-	-	24,010,474
Environmental health	19,850,136	690,527	-	-	20,540,663
Community health	10,133,629	12,213,295	-	-	22,346,924
Administration	(901,792)	-	13,120	-	(888,672)
Total current	<u>45,198,161</u>	<u>20,798,108</u>	<u>13,120</u>	<u>-</u>	<u>66,009,389</u>
Capital outlay	<u>330,077</u>	<u>11,702</u>	<u>1,085,651</u>	<u>1,085,195</u>	<u>2,512,625</u>
Total expenditures	<u>45,528,238</u>	<u>20,809,810</u>	<u>1,098,771</u>	<u>1,085,195</u>	<u>68,522,014</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,648,429</u>	<u>(3,663,860)</u>	<u>(1,100,204)</u>	<u>(1,030,272)</u>	<u>3,854,093</u>
Other financing sources (uses)					
Transfers in	109,116	3,851,261	1,350,639	-	5,311,016
Transfers out	(5,301,265)	(109,751)	-	-	(5,411,016)
Proceeds from capital asset disposal	3,705	-	-	-	3,705
Total other financing sources (uses)	<u>(5,188,444)</u>	<u>3,741,510</u>	<u>1,350,639</u>	<u>-</u>	<u>(96,295)</u>
Change in fund balance	4,459,985	77,650	250,435	(1,030,272)	3,757,798
Fund balance, beginning of year	<u>19,763,882</u>	<u>13,116</u>	<u>1,529,419</u>	<u>4,022,961</u>	<u>25,329,378</u>
Fund balance, end of year	<u>\$ 24,223,867</u>	<u>\$ 90,766</u>	<u>\$ 1,779,854</u>	<u>\$ 2,992,689</u>	<u>\$ 29,087,176</u>

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 Fiscal Year Ended June 30, 2018

Change in fund balances, governmental funds		\$ 3,757,798
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	2,512,625	
Less current year depreciation	(2,217,850)	
Less loss on disposal capital assets	<u>(10,491)</u>	
		284,284
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	1,117,604	
Change in deferred outflows related to postemployment benefits other than pensions	525,576	
Change in deferred inflows related to postemployment benefits other than pensions	(2,744,294)	
Change in compensated absences	37,178	
Change in deferred outflows related to pensions	(1,434,376)	
Change in deferred inflows related to pensions	279,905	
Change in net pension liability	<u>2,475,863</u>	
		257,456
Internal service funds are used by management to charge the costs of certain activities to individual funds:		
Internal service fund change in net position included in governmental activities in the statement of activities	<u>(129,818)</u>	
		<u>(129,818)</u>
Change in net position of governmental activities		<u><u>\$ 4,169,720</u></u>

Southern Nevada Health District
Statement of Net Position - Proprietary Funds
June 30, 2018

	Governmental Activities
	<u>Insurance Liability Reserve</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 251,830
Restricted cash	89,000
Interest receivable	822
Prepaid items	<u>574</u>
Total current assets	<u>342,226</u>
Liabilities	
Current Liabilities	
Workers compensation self-insurance claims	<u>125,000</u>
Total current liabilities	<u>125,000</u>
Net position	
Restricted	89,000
Unrestricted	<u>128,226</u>
Total net position	<u><u>\$ 217,226</u></u>

Southern Nevada Health District
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Fiscal Year Ended June 30, 2018

	Governmental Activities <u>Insurance Liability Reserve</u>
Operating expense	
Services and supplies	\$ 231,828
	<u>231,828</u>
Total operating expenses	<u>231,828</u>
Operating loss	<u>(231,828)</u>
Nonoperating revenues	
Investment income	<u>2,010</u>
Total nonoperating revenues	<u>2,010</u>
Loss before transfers	<u>(229,818)</u>
Transfers	
Transfers in	<u>100,000</u>
Total transfers	<u>100,000</u>
Change in net position	(129,818)
Net position, beginning of year	<u>347,044</u>
Net position, end of year	<u><u>\$ 217,226</u></u>

Southern Nevada Health District
Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2018

	Governmental Activities
	<u>Insurance Liability Reserve</u>
Cashflows from operating activities	
Cash payments for goods and services	\$ (231,828)
Net cash used in operating activities	<u>(231,828)</u>
Cash flows from noncapital financing activities	
Transfers (to)/from other funds	<u>100,000</u>
Net cash provided by noncapital financing activities	<u>100,000</u>
Cash flows from investing activities	
Investment income	<u>2,369</u>
Net decrease in cash and cash equivalents	(129,459)
Cash and cash equivalents, beginning of year	<u>470,289</u>
Cash and cash equivalents, end of year	<u><u>\$ 340,830</u></u>
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	<u>\$ (231,828)</u>
Net cash used in operating activities	<u><u>\$ (231,828)</u></u>
Reconciliation of cash balances at end of year:	
Unrestricted	\$ 251,830
Restricted	<u>89,000</u>
	<u><u>\$ 340,830</u></u>

Southern Nevada Health District
Statement of Net Position - Fiduciary Funds
June 30, 2018

	<u>Employee Events Fund</u>
Assets	
Cash and cash equivalents	<u>\$ 4,180</u>
Liabilities	
Amounts held for others	<u>\$ 4,180</u>



FINANCIAL SECTION > BASIC FINANCIAL STATEMENTS

Notes to Financial Statements

Note 1 - Summary of Significant Accounting Policies

The Reporting Entity

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

The accounting policies of the Health 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.

Implementation of GASB Statement No. 75

As of July 1, 2017, the Health District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement replaces the requirements of GASBS No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The implementation of this standard requires governments calculate and report the costs and obligations associated with other postemployment benefits in their basic financial statements. The effect of implementation of these standards on beginning net position is disclosed in Note 11, additional disclosures are in Note 9, and required supplementary information related to OPEB are also included.

Basic Financial Statements

The Health 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 proprietary funds. Reconciliations between the governmental funds and the governmental activities 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 Health District as a whole, except for fiduciary activity. The effect of interfund activity has been removed from these statements.

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 Health District. Those functions with a net cost are consequently dependent on general-purpose revenues, such as the property tax allocation from Clark County collected from various jurisdictions, to remain operational.

Fund Financial Statements

The financial accounts of the Health 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues and expenditures/expenses. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The presentation emphasis in the fund financial statements is on major funds. All governmental funds are considered to be major funds and they are reported as separate columns in the fund financial statements.

The Health District reports the following major governmental funds:

General Fund. Accounts for all financial resources which are not accounted for in another fund and is the general operating fund of the Health District.

Special Revenue Fund. Accounts for all grant resources that have been restricted for specific programs.

The Bond Reserve Capital Projects Fund. Accounts for resources that have been committed to renovations of the new administration building.

Capital Projects Fund. Accounts for resources committed or assigned to the acquisition or construction of capital assets.

Proprietary fund (internal service fund) 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. 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 Health District reports the following internal service fund:

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

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 Health District considers property tax revenues to be

available if they are collected within 60 days of the current fiscal year end. The major revenue sources of the Health District include the property tax allocation from Clark County collected from various jurisdictions, regulatory revenue, fees for service and other 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 Health 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.

Cash and Cash Equivalents

The Health District considers short-term, highly liquid investments that are both readily convertible to cash and have original maturity dates of three months or less to be cash equivalents. This includes all of the Health District's cash and cash equivalents held by the Clark County Treasurer, which are combined with other Clark County funds in a general investment pool. As the Health 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.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The resulting payables and receivables outstanding at year end, if any, are referred to as due to or due from other funds. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed.

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 Health District receives medical vaccines from the State of Nevada (the State) for use in the Health District's clinics, which are not included in the Health District's inventory since these vaccines remain the property of the State until they are administered. At June 30, 2018, the estimated value of such vaccines in the Health District's possession was \$847,216.

Prepaid Items

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

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. The Health District considers assets with an initial individual cost of more than \$5,000 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.

Depreciation and amortization are computed 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 Health District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits, which are collectively referred to as compensated absences.

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

<u>Years of Service</u>	<u>Vacation Benefits (Days)</u>
Less than 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, terminations and retirements. The liability for compensated absences is funded from currently budgeted payroll accounts from the general fund.

Postemployment Benefits Other Than Pensions (OPEB)

For the year ended June 30, 2018, the Health District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. Employers are required to recognize OPEB amounts for all benefits provided through the plans which include the total OPEB liability, deferred outflows and resources, deferred inflows of resources, and OPEB expense.

For the purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by PEPB. For this purpose, benefit payments are recognized by the Health District when due and payable in accordance with the benefit terms.

Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

The Health District uses the same basis used in the Public Employees' Retirement System of Nevada's (PERS) CAFR for reporting its proportionate share of the PERS collective net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, including information regarding PERS fiduciary net position and related additions to/deductions. Benefit payments (including refunds of employee contributions) are recognized by PERS when due and payable in accordance with the benefit terms. PERS investments are reported at fair value.

Deferred Inflows and Outflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. Deferred outflows for the changes in proportion and differences between actual pension contributions and the Health District's proportionate share of pension contributions are deferred and amortized over the average expected remaining service life of all employees that are provided with pension benefits. Deferred outflows for pension contributions made by the Health District subsequent to the pension plan's actuarial measurement date are deferred for one year. Deferred outflows for the difference between actual and expected experience in the total OPEB liability are deferred and amortized over the average expected remaining service life of all employees that are provided with health benefits.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government-wide statement of net position also reports 1) the differences between expected and actual pension plan experience and changes of pension plan actuarial assumptions, which are deferred and amortized over the average expected remaining service life of all employees that are provided with pension benefits, 2) the net difference between projected and actual earnings on pension plan investments, which are deferred and amortized over five years, and 3) changes in assumptions or other inputs to the total OPEB liability which are deferred and amortized over the average expected remaining service life of all employees that are provided with health benefits.

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 capital assets net of 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.

Unrestricted. All other net position that does not meet the definition of net investment in capital assets and restricted net position.

In the fund financial statements, proprietary fund equity is classified the same as in the government-wide statements. 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 and prepaid items.

Restricted. Similar to restricted net position discussed above, includes constraints placed on the use of 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 due to a formal resolution approved by the Board of Health, which is the Health District's highest level of decision-making authority. Those constraints remain binding unless removed or change in the same manner employed to previously commit those resources.

Assigned. Includes amounts that are constrained by the Health District's intent to be used for specific purposes, but do not meet the criteria to be classified as restricted or committed. The Board of Health has set forth by resolution authority to assign fund balance amounts to the Health District's Director of Administration. Constraints imposed on the use of assigned amounts can be removed without formal resolution 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 Health 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 Health District's policy to expend restricted resources first and use unrestricted resources when the restricted resources have been depleted. It is also the Health District's policy to maintain a minimum unassigned 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 Health 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.

Note 2 - Stewardship 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 made during the year ended June 30, 2018, were as prescribed by law.

The budget approval process is summarized as follows:

At the March Board of Health meeting, management of the Health 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 Clark County where it is included in Clark County's public hearing held in May.

The Health District's budget is then filed with the State of Nevada, Department of Taxation by Clark County.

NRS allows 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 internal service fund may not exceed total appropriations. At June 30, 2018, the Health District reported no expenditures over appropriations.

Note 3 - Cash and Cash Equivalents

Deposits

The Health 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 Nevada. At June 30, 2018, the carrying amount of the Health District's deposits was \$0 as all amounts were swept into the Clark County Investment Pool at the end of the day.

Clark County Investment Pool

The Health District participates in Clark County's investment pool. At June 30, 2018, 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 Health District has no investment policy that would further limit Clark County's 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 does not exceed 20% of the portfolio.

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

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 Health District would not be able to recover the value of its deposits and investments. The Clark County Investment Policy states that securities purchased by Clark 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 Clark County Treasurer for this purpose in accordance with NRS 355.172. A custody agreement between the bank and Clark County is required before execution of any transactions, Clark County's 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, Clark County (as the external investment pool operator) manages interest rate risk 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, 2018, all of the Health District's investments held by the Clark County Treasurer 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, 2018, the carrying amount and market value of the Health District's investments in the Clark County Investment Pool was \$28,758,939.

Combined Cash and Cash Equivalents

At June 30, 2018, the Health District's cash and cash equivalents were as follows:

Cash on hand	\$ 10,589
Restricted cash	89,000
Clark County Investment Pool	28,758,939
	<hr/>
Total cash and investments	\$ 28,858,528
	<hr/>

At June 30, 2018, the Health District's cash and cash equivalents were presented in the District's financial statements as follows:

Governmental funds	\$ 28,513,518
Proprietary funds	340,830
Fiduciary fund	4,180
	<hr/>
Total cash and investments	\$ 28,858,528
	<hr/>

Note 4 - Capital Assets

Changes in capital assets for the year ended June 30, 2018, were as follows:

	Balance June 30, 2017	Increases	Decreases	Transfers	Balance June 30, 2018
Governmental activities					
Capital assets not being depreciated or amortized					
Construction in progress	\$ 100,540	\$ 117,177	\$ -	\$ (61,540)	\$ 156,177
Land	3,447,236	-	-	-	3,447,236
Total capital assets not being depreciated	3,547,776	117,177	-	(61,540)	3,603,413
Capital assets being depreciated or amortized					
Buildings	18,395,743	-	-	-	18,395,743
Improvements other than buildings	3,634,521	1,110,265	-	-	4,744,786
Furniture, fixtures and equipment	13,253,866	999,972	(220,443)	-	14,033,395
Vehicles	683,639	285,209	(44,152)	61,540	986,236
Total capital assets being depreciated or amortized	35,967,769	2,395,446	(264,595)	61,540	38,160,160
Accumulated depreciation and amortization					
Buildings	(1,348,328)	(621,418)	-	-	(1,969,746)
Improvements other than buildings	(2,384,027)	(180,341)	-	-	(2,564,368)
Furniture, fixtures and equipment	(8,498,940)	(1,261,046)	209,952	-	(9,550,034)
Vehicles	(442,207)	(155,045)	44,152	-	(553,100)
Total accumulated depreciation and amortization	(12,673,502)	(2,217,850)	254,104	-	(14,637,248)
Total capital assets being depreciated or amortized, net	23,294,267	177,596	(10,491)	61,540	23,522,912
Total governmental activities	\$26,842,043	\$ 294,773	\$ (10,491)	\$ -	\$27,126,325

For the year ended June 30, 2018, depreciation expense was charged to the following functions and programs:

Governmental activities	
Clinical services	\$ 32,384
Environmental health	69,187
Community health	431,225
Administration	1,685,054
Total depreciation expense, governmental activities	\$ 2,217,850

Note 5 - Leases

Operating Leases

The Health 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, 2018, rent expense and expenditures totaled \$764,902. At year end, the Health District's future minimum lease payments under these non-cancelable operating leases were as follows:

For the Year Ending June 30,

2019	\$ 580,191
2020	578,788
2021	527,468
2022	<u>225,400</u>
	<u><u>\$ 1,911,847</u></u>

Note 6 - Changes In Long-Term Liabilities

Long-term liabilities activity for the year ended June 30, 2018, was as follows:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
Compensated absences	<u>\$ 6,274,303</u>	<u>\$ 4,956,387</u>	<u>\$ (4,993,565)</u>	<u>\$ 6,237,125</u>	<u>\$ 3,829,767</u>

Compensated absences typically have been liquidated by the general fund.

Note 7 - Risk Management

The Health District, like any governmental entity, is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

The Health District has joined together with similar public agencies (cities, counties and special districts) throughout the State of Nevada to create a pool under the Nevada Interlocal Cooperation Act. The Nevada Public Agency Pool Insurance (Pool) is a public entity risk pool currently operating as a common risk management and insurance program for its members.

The Health District pays an annual premium and specific deductibles, as necessary, to the Pool for its general insurance coverage. The Pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$10,000,000 per insured event with a \$10,000,000 annual aggregate per member. Additionally, coverage includes data security events up to a maximum of \$2,000,000 per event. Property, crime and equipment breakdown coverage is provided to its members up to \$300,000,000 per loss with various sublimits established for earthquake, flood, equipment breakdown, and money and securities.

The Health District is also exposed to risks of loss related to injuries of employees. The Health District has joined together with similar public agencies (cities, counties and special districts) throughout the State of Nevada to create a pool under the Nevada Interlocal Cooperation Act.

The Health District pays premiums based on payroll costs to the pool, commonly referred to as the PACT, for its workers compensation insurance coverage. The PACT is considered a self-sustaining risk pool that will provide coverage for its members based on established statutory limits. The PACT obtains independent coverage for insured events in excess of the aforementioned limits.

The Health District continues to carry commercial insurance for other risks of loss not covered by the Pool (bonding and boiler coverage) and employee health and accident insurance. Amounts in excess of insurance coverage for settled claims resulting from these risks were minimal over the past three fiscal years.

Litigation

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

The Health 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.

Note 8 - Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

The Health District's employees are covered by the Public Employees' Retirement System of Nevada (PERS), which was established by the Nevada Legislature in 1947, effective July 1, 1948, and is governed by the Public Employees Retirement Board (the PERS Board) whose seven members are appointed by the governor. The Health District does not exercise any control over PERS.

PERS is a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both regular and police/fire members. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits, as required by NRS, are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the system on or after January 1, 2010, and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

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

Post-retirement increases are provided by authority of NRS 286.575 - .579, which for members entering the system before January 1, 2010, is equal to the lesser of:

- 1) 2% per year following the third anniversary of the commencement of benefits, 3% per year following the sixth anniversary, 3.5% per year following the ninth anniversary, 4% per year following the twelfth anniversary and 5% per year following the fourteenth anniversary, or
- 2) The average percentage increase in the Consumer Price Index (or other PERS Board approved index) for the three preceding years.

In any event, a member's benefit must be increased by the percentages in paragraph 1, above, if the benefit of a member has not been increased at a rate greater than or equal to the average of the Consumer Price Index (All Items) (or other PERS Board approved index) for the period between retirement and the date of increase.

For members entering PERS on or after January 1, 2010, the post-retirement increases are the same as above, except that the increases do not exceed 4% per year.

Regular members entering PERS prior to January 1, 2010 are eligible for retirement at age 65 with 5 years of service, at age 60 with 10 years of service, or at any age with 30 years of service. Regular members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with 5 years of service, or age 62 with 10 years of service, or any age with 30 years of service. Regular members entering PERS on or after July 1, 2015, are eligible for retirement at age 65 with 5 years of service, or at age 62 with 10 years of service or at age 55 with 30 years of service or any age with 33 1/3 years of service.

The normal ceiling limitation on the monthly benefit allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both regular and police/fire members become fully vested as to benefits upon completion of five years of service.

The authority for establishing and amending the obligation to make contributions and member contribution rates rests with NRS. New hires in agencies which did not elect the employer-pay contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two alternative contribution plans. Contributions are shared equally by employer and employee in which employees can take a reduced salary and have contributions made by the employer or can make contributions by a payroll deduction matched by the employer.

The PERS basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

PERS receives an actuarial valuation on an annual basis for determining the prospective funding contribution rates required to fund the system on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by NRS. These statutory rates are periodically updated pursuant to NRS 286.421 and 286.450. The actuarial funding method used is the entry age normal cost method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

Effective July 1, 2015, the required contribution rates for regular members was 14.5% and 28% for employer/employee matching and EPC, respectively. The Health District's portion of contributions was \$4,724,209 for the year ended June 30, 2018.

PERS collective net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For this purpose, certain actuarial valuation assumptions are stipulated by the GASB and may vary from those used to determine the prospective funding contribution rates.

The total PERS pension liability was determined using the following economic actuarial assumptions (based on the results of an experience review completed in 2013), applied to all periods included in the measurement:

Inflation rate	2.75%
Payroll growth	5.00%, including inflation
Investment rate of return	7.50%
Productivity pay increase	0.50%
Consumer price index	2.75%
Actuarial cost method	Entry age normal and level percentage of payroll
Projected salary increases	Regular: 4.25% to 9.15%, depending on service Police/Fire: 4.55% to 13.90%, depending on service Rates include inflation and productivity increases
Other assumptions	Same as those used in the June 30, 2017 funding actuarial valuation

Mortality rates (Regular and Police/Fire) – For healthy members it is the Headcount-Weighted RP-2014 Healthy Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. For ages less than 50, mortality rates are based on the Headcount – Weighted RP-2014 Employee Mortality Tables. Those mortality rates are adjusted by the ratio of the mortality rate for healthy annuitants at age 50 to the mortality rate for employees at age 50. The mortality rates are then projected to 2020 with Scale MP-2016.

The mortality table used in the actuarial valuation to project mortality rates for all disabled regular members is the Headcount – Weighted RP-2014 Disabled Retiree Table, set forward four years.

For pre-retirement members it is the Headcount – Weighted RP-2014 Employee Table, projected to 2020 with Scale MP-2016.

The RP-2014 Headcount-Weighted Mortality Tables, set forward one year for spouses and beneficiaries, reasonably reflect the projected mortality experience of the Plan as of the measurement date. The additional projection of 6 years is a provision made for future mortality improvement.

PERS's policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of PERS. The following was the Board adopted policy target asset allocation as of June 30, 2017:

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return *
Domestic equity	42%	5.50%
International equity	18%	5.75%
Domestic fixed income	30%	0.25%
Private markets	10%	6.80%

* These geometric return rates are combined to produce the long-term expected rate of return by adding the long-term expected inflation rate of 2.75%

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified by NRS. Based on that assumption, PERS's fiduciary net position at June 30, 2017, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments (7.50%) was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017.

At June 30, 2018, the Health District's proportionate share of the net pension liability is calculated using a discount rate of 7.50%. The following shows the sensitivity of the valuation of the Health District's proportionate share of the net pension liability assuming the discount rate was either 1% lower or 1% higher:

	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Net Pension Liability	\$ 102,349,827	\$ 67,704,469	\$ 38,930,439

Detailed information about PERS fiduciary net position is available in the PERS CAFR, which is available on the PERS website, www.nvpers.org under publications.

The Health District's proportionate share of the collective net pension liability was \$67,704,469, which represents 0.50906% of the collective net pension liability, which is a decrease from the previous year's proportionate share of 0.52151%. Contributions for employer pay dates within the fiscal year ending June 30, 2017, were used as the basis for determining each employer's proportionate share.

For the period ended June 30, 2018, the Health District's pension expense was \$3,402,816 and its reported deferred outflows and inflows of resources related to pensions as of June 30, 2018, were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,442,782
Net difference between projected and actual earnings on investments	439,593	-
Changes in proportion and differences between actual contributions and proportionate share of contributions	-	6,704,653
Change in assumptions	4,491,547	-
Contributions made subsequent to the measurement date	4,724,208	-
	<u>\$ 9,655,348</u>	<u>\$ 11,147,435</u>

Average expected remaining service life is 6.39 years.

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$4,724,208 will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year ending June 30,

2019	\$ (3,079,771)
2020	157,136
2021	(1,275,916)
2022	(2,335,571)
2023	152,993
2024	164,834
	<u>\$ (6,216,295)</u>

Note 9 - Postemployment Benefits Other Than Pensions (OPEB)

General Information about the Other Post Employment Benefit (OPEB) Plans

Plan Description: The Health District subsidizes eligible retirees' contributions to the Public Employees' Benefits Plan (PEBP), a non-trust, agent multiple-employer defined benefit postemployment healthcare plan administered by the State of Nevada. NRS 287.041 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees. The plan is now closed to future retirees, however, district employees who previously met the eligibility requirement for retirement within the Nevada Public Employee Retirement System had the option upon retirement to enroll in coverage under the PEBP with a subsidy provided by the Health District as determined by their number of years of service. The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employee's Benefits Program, 901 S. Stewart Street, Suite 1001, Carson City, NV, 89701, by calling (775) 684-7000, or by accessing the website at www.pebp.state.nv.us/informed/financial.htm.

Plan Description: The Retiree Health Program Plan (RHPP) is a non-trust, single-employer defined benefit postemployment healthcare plan administered by Clark County, Nevada. Retirees may choose between Clark County Self-Funded Group Medical and Dental Benefits Plan (Self-Funded Plan) and a health maintenance organization (HMO) plan.

Benefits Provided

PEBP plan provides medical, dental, prescription drug, Medicare Part B, and life insurance coverage to eligible retirees and their spouses. Benefits are provided through a third-party insurer.

RHPP provides medical, dental, prescription drug, and life insurance coverage to eligible active and retired employees and beneficiaries. Benefit provisions are established and amended through negotiations between the respective unions and the Health District.

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

	PEBP	RHPP	Total all Plans
Inactive employees or beneficiaries currently receiving benefit payments	72	60	132
Active employees	-	462	462
Covered spouses	-	16	16
Total	72	538	610

As of November 1, 2008, PEBP was closed to any new participants.

Total OPEB Liability

The Health District's total OPEB liability of \$28,319,563 was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs: The total OPEB liability for all plans as of June 30, 2018 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	Ranges from 4.25% to 13.90% based on years of service, including inflation
Discount rate	3.58%
Healthcare cost trend rates	4.5%, ultimate
Retirees' share of benefit-related costs	0% to 100% of premium amounts based on years of service

The discount rate was based on Bond Buyer 20-Bond GO Index.

Post-Retirement Mortality Rates:

Healthy: RP-2000 Combined Healthy Mortality Table, projected to 2013 with Scale AA, set back one year for females (no age set forward for males).

Disabled: RP-2000 Disabled Retiree Mortality Table, projected to 2013 with Scale AA, set forward three years.

Rational for Assumptions:

The demographic assumptions are based on the Nevada PERS Actuarial Experience Study for the period from July 1, 2006 through June 30, 2012. Salary scale and inflation assumptions are based on the Nevada PERS Actuarial Experience Study for the period from July 1, 2012 through June 30, 2016.

Changes in the Total OPEB Liability

	PEBP	RHPP	Total OPEB Liability
Balance recognized at June 30, 2017	\$ 4,891,782	\$ 24,545,385	\$ 29,437,167
Changes Recognized for the Fiscal Year			
Service Cost	-	2,037,506	2,037,506
Interest	136,641	753,304	889,945
Differences between expected and actual experience	(2,407)	26,065	23,658
Changes in assumptions	(408,034)	(3,119,749)	(3,527,783)
Benefit payments	(201,454)	(339,476)	(540,930)
Net Changes	(475,254)	(642,350)	(1,117,604)
Balance Recognized at June 30, 2018	\$ 4,416,528	\$ 23,903,035	\$ 28,319,563

Changes in Assumptions: The discount rate was updated from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017. The actuarial cost method was changed from Entry age level dollar to Entry age level percent of pay.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Health District, as well as what the Health District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage point higher (4.58 percent) than the current discount rate:

	1% Decrease 2.58%	Discount Rate 3.58%	1% Increase 4.58%
PEBP	\$ 4,990,606	\$ 4,416,528	\$ 3,940,468
RHPP	28,315,525	23,903,035	20,374,526
Total OPEB Liability	\$ 33,306,131	\$ 28,319,563	\$ 24,314,994

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Health District, as well as what the Health District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5 percent decreasing to 3.5 percent) or 1-percentage-point higher (8.5 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

	1% Decrease Ultimate 3.5%	Trend Rates Ultimate 4.5%	1% Increase Ultimate 5.5%
PEBP	\$ 3,926,841	\$ 4,416,528	\$ 4,995,625
RHPP	17,744,530	23,903,035	33,357,299
Total OPEB Liability	<u>\$ 21,671,371</u>	<u>\$ 28,319,563</u>	<u>\$ 38,352,924</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Health District recognized OPEB expense of \$2,144,368. The breakdown by plan is as follows:

	PEBP	RHPP	Total All Plans
OPEB Expense	\$ (273,800)	\$ 2,418,168	\$ 2,144,368

At June 30, 2018, the Health District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
PEBP		
Contributions made in fiscal year ending 2018 after July 1, 2017 measurement date	\$ 213,868	\$ -
Total PEBP	<u>\$ 213,868</u>	<u>\$ -</u>
RHPP		
Differences between expected and actual experience	\$ 23,252	\$ -
Changes of assumptions or other inputs	-	2,744,294
Contributions made in fiscal year ending 2018 after July 1, 2017 measurement date	288,456	-
Total RHPP	<u>\$ 311,708</u>	<u>\$ 2,744,294</u>
Total All Plans		
Differences between expected and actual experience	\$ 23,252	\$ -
Changes of assumptions or other inputs	-	2,744,294
Contributions made in fiscal year ending 2018 after July 1, 2017 measurement date	502,324	-
Total All Plans	<u>\$ 525,576</u>	<u>\$ 2,744,294</u>

The amount of \$502,324 was reported as deferred outflows of resources related to OPEB from Health District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For the Year ending June 30,</u>	<u>RHPP</u>
2019	\$ (317,497)
2020	(317,497)
2021	(317,497)
2022	(317,497)
2023	(317,497)
Thereafter	(1,133,557)
	<u>\$ (2,721,042)</u>

Note 10 - Encumbrances

The Health District utilizes encumbrance accounting in its governmental funds. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which a purchase order, contract, or other commitment is issued. In general, unencumbered appropriations lapse at year end. Open encumbrances at fiscal year end are included in restricted, committed or assigned fund balance, as appropriate. Significant encumbrances included in governmental fund balances are as follows:

	<u>Assigned Fund Balance</u>
General Fund	<u>\$ 823,902</u>

In the general fund, \$808,127 of the total encumbrance balance was assigned to purchase administrative services and the remaining \$15,775 was assigned for capital improvements.

Note 11 - Prior Period Restatement

As of July 1, 2017, the Health District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). The implementation of this standard replaces the requirements of GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments calculate and report the cost and obligations associated with other postemployment benefits other than pensions in their financial statements, including additional note disclosures and required supplementary information. Beginning net position was restated to retroactively remove the prior OPEB liability reported under GASB Statement No. 45 and adopt the provisions of GASB Statement No. 75 to report the beginning total OPEB liability and deferred outflows of resources related to contributions made after the measurement date.

Additionally, during 2018 the Health District identified misstatements in the June 30, 2017 financial statements related to the determination or classification of payments to satisfy employee contribution requirements in the adoption, as of July 1, 2016, of GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No 73* (GASB 82). Based on the restated Schedule of Employer Allocations for GASB 82 Implementation provided by the Public Employee's Retirement System of Nevada (PERS), beginning net position was restated as of July 1, 2017 to report the previous overstatement of the balances reported for deferred outflows of resources, net pension liability amounts at June 30, 2017.

Following is the impact of GASB 75 and GASB 82 to the various account balances:

	<u>Governmental Activities</u>
Net position at June 30, 2017, as previously reported	\$ (40,048,475)
Remove OPEB liability previously reported under GASB Statement No. 45	21,657,518
Add total OPEB liability under GASB Statement No. 75 at June 30, 2017	(29,437,167)
Change in Deferred outflows - Pension related contributions	(4,565,587)
Change in Deferred outflows - Pension related difference between employer and proportionate share of contributions	<u>(1,317,244)</u>
Net pension at July 1, 2017, as restated	<u><u>\$ (53,710,955)</u></u>



FINANCIAL SECTION

Required Supplementary Information

Southern Nevada Health District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget to Actual - General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Final Budget to Actual Variance
Revenues				
Fees for service	\$ 12,860,420	\$ 12,860,420	\$ 13,554,356	\$ 693,936
General receipts	281,500	281,500	144,688	(136,812)
Property tax	20,934,126	20,934,126	20,934,126	-
Regulatory revenue	18,541,971	18,541,971	19,781,259	1,239,288
Title XIX & other	-	-	568,724	568,724
Investment earnings	166,000	166,000	193,514	27,514
Total revenues	52,784,017	52,784,017	55,176,667	2,392,650
Expenditures				
Public health				
Clinical & nursing services				
Salaries and wages	6,027,411	6,027,411	5,224,249	(803,162)
Employee benefits	2,579,657	2,579,657	2,243,024	(336,633)
Services and supplies	8,802,841	8,802,841	8,648,915	(153,926)
Total clinical & nursing services	17,409,909	17,409,909	16,116,188	(1,293,721)
Environmental health				
Salaries and wages	10,628,949	10,628,949	9,967,335	(661,614)
Employee benefits	4,561,433	4,561,433	4,193,829	(367,604)
Services and supplies	6,183,105	6,183,105	5,688,972	(494,133)
Capital outlay	16,000	16,000	16,725	725
Total environmental health	21,389,487	21,389,487	19,866,861	(1,522,626)
Community health				
Salaries and wages	4,507,493	4,507,493	4,133,425	(374,068)
Employee benefits	1,997,196	1,997,196	1,734,229	(262,967)
Services and supplies	4,722,630	4,722,630	4,265,975	(456,655)
Capital outlay	-	-	64,221	64,221
Total community health	11,227,319	11,227,319	10,197,850	(1,029,469)
Administration				
Salaries and wages	7,489,712	7,489,712	7,365,327	(124,385)
Employee benefits	3,243,394	3,243,394	3,359,123	115,729
Services and supplies	(12,958,723)	(12,958,723)	(11,626,242)	1,332,481
Capital outlay	227,000	227,000	249,131	22,131
Total administration	(1,998,617)	(1,998,617)	(652,661)	1,345,956
Total public health	48,028,098	48,028,098	45,528,238	(2,499,860)
Total expenditures	48,028,098	48,028,098	45,528,238	(2,499,860)
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,755,919	4,755,919	9,648,429	4,892,510
Other Financing Sources (Uses)				
Transfers in	-	-	109,116	109,116
Transfers out	(5,344,549)	(5,344,549)	(5,301,265)	43,284
Proceeds from capital asset disposal	-	-	3,705	3,705
Total other financing sources (uses)	(5,344,549)	(5,344,549)	(5,188,444)	156,105
Change in Fund Balance	(588,630)	(588,630)	4,459,985	5,048,615
Fund Balance, Beginning of Year	17,985,536	17,985,536	19,763,882	1,778,346
Fund Balance, End of Year	\$ 17,396,906	\$ 17,396,906	\$ 24,223,867	\$ 6,826,961

See notes to required supplementary information.

Southern Nevada Health District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget to Actual - Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Final Budget to Actual Variance
Revenues				
Direct federal grants	\$ 3,944,101	\$ 4,549,474	\$ 4,549,474	\$ -
Indirect federal grants	11,946,886	11,908,156	11,908,156	-
State grant funds	589,997	440,237	440,237	-
Other grant funds	82,158	248,083	248,083	-
Total revenues	<u>16,563,142</u>	<u>17,145,950</u>	<u>17,145,950</u>	<u>-</u>
Expenditures				
Public health				
Clinical & nursing services				
Salaries and wages	3,653,955	3,199,614	3,199,614	-
Employee benefits	1,551,398	1,323,586	1,323,586	-
Services and supplies	3,569,947	3,371,086	3,371,086	-
Capital outlay	-	11,105	11,105	-
Total clinical & nursing services	<u>8,775,300</u>	<u>7,905,391</u>	<u>7,905,391</u>	<u>-</u>
Environmental health				
Salaries and wages	262,940	306,216	306,216	-
Employee benefits	119,683	123,336	123,336	-
Services and supplies	236,369	260,975	260,975	-
Total environmental health	<u>654,517</u>	<u>690,527</u>	<u>690,527</u>	<u>-</u>
Community health				
Salaries and wages	3,980,729	4,099,147	4,099,147	-
Employee benefits	1,620,834	1,653,190	1,653,190	-
Services and supplies	5,199,929	6,460,958	6,460,958	-
Capital outlay	200,767	597	597	-
Total community health	<u>11,002,259</u>	<u>12,213,892</u>	<u>12,213,892</u>	<u>-</u>
Total expenditures	<u>20,432,076</u>	<u>20,809,810</u>	<u>20,809,810</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,868,934)</u>	<u>(3,663,860)</u>	<u>(3,663,860)</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers in	3,868,910	3,868,910	3,851,261	(17,649)
Transfers out	-	(109,751)	(109,751)	-
Total other financing sources (uses)	<u>3,868,910</u>	<u>3,759,159</u>	<u>3,741,510</u>	<u>(17,649)</u>
Change in Fund Balance	<u>(24)</u>	<u>95,299</u>	<u>77,650</u>	<u>(17,649)</u>
Fund Balance, Beginning of Year	<u>1,854</u>	<u>1,854</u>	<u>13,116</u>	<u>11,262</u>
Fund Balance, End of Year	<u>\$ 1,830</u>	<u>\$ 97,153</u>	<u>\$ 90,766</u>	<u>\$ (6,387)</u>

Southern Nevada Health District
Schedules of Changes in the Total OPEB Liability and Related Ratios¹
For the Year Ended June 30, 2018

PEBP Plan

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ -
Interest	136,641
Changes of benefit terms	-
Difference between actual and expected experience	(2,407)
Changes of assumptions or other inputs	(408,034)
Benefit payments	<u>(201,454)</u>
Net Change in Total OPEB Liability	(475,254)
Total OPEB Liability - Beginning	<u>4,891,782</u>
Total OPEB Liability - Ending	<u><u>\$ 4,416,528</u></u>
Covered Payroll	N/A
Total OPEB Liability as a Percentage of Covered Payroll	N/A

RHPP

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 2,037,506
Interest	753,304
Changes of benefit terms	-
Difference between actual and expected experience	26,065
Changes of assumptions or other inputs	(3,119,749)
Benefit payments	<u>(339,476)</u>
Net Change in Total OPEB Liability	(642,350)
Total OPEB Liability - Beginning	<u>24,545,385</u>
Total OPEB Liability - Ending	<u><u>\$ 23,903,035</u></u>
Covered Payroll	\$ 34,126,701
Total OPEB Liability as a Percentage of Covered Payroll	70.04%

¹ Fiscal year 2018 is the first year of implementation, therefore only one year is shown. As it becomes available this schedule will ultimately present information for the ten most recent fiscal years.
See notes to required supplementary information.

Southern Nevada Health District
Multiple-Employer Cost-Sharing Defined Benefit Pension Plan
Proportionate Share of the Collective Net Pension Liability Information²
for the Year Ended June 30, 2018

<u>For the Year Ended June 30</u>	<u>Proportion of the Collective Net Pension Liability</u>	<u>Proportion of the Collective Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportion of the Collective Pension Liability as a Percentage of Covered Payroll</u>	<u>PERS Fiduciary Net Position as a Percentage of Total Pension Liability</u>
2014	0.59147%	\$ 61,643,357	\$ 34,707,255	177.61000%	76.30000%
2015	0.54090%	61,984,011	32,508,190	190.67198%	75.13000%
2016	0.52151%	70,180,332	32,917,342	213.20170%	72.20000%
2017	0.50906%	67,704,469	33,079,430	204.67242%	74.40000%

² Information for the multiple employer cost sharing defined benefit pension plan is not available for years prior to the year ended June 30, 2014. As it becomes available this schedule will ultimately present information for the ten most recent fiscal years.
See notes to required supplementary information.

Southern Nevada Health District
Multiple-Employer Cost-Sharing Defined Benefit Pension Plan
Proportionate Share of Statutorily Required Contribution Information
for the Year Ended June 30, 2018 and Last Nine Fiscal Years³

<u>For the Year Ended June 30</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2015	\$ 4,174,514	\$ 4,174,514	\$ -	\$ 32,508,190	12.84%
2016	4,421,639	4,421,639	-	32,917,342	13.43%
2017	4,565,587	4,565,587	-	33,079,430	13.80%
2018	4,724,209	4,724,209	-	33,744,349	14.00%

³ Information for the multiple-employer cost-sharing defined benefit pension plan is not available for years prior to the year ended June 30, 2015. As it becomes available this schedule will ultimately present information for the ten most recent fiscal years.
See notes to required supplementary information.

Note 1 - Postemployment Benefits Other Than Pensions

There are no assets accumulated in a trust to pay related benefits.

Changes of Assumptions PEBP Plan

The \$408,034 decrease in the liability from June 30, 2017 to June 30, 2018 is due to the increase in the assumed discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017, and a change in the actuarial cost method from Entry age level dollar to Entry age level percent of pay.

Change of Assumptions RHPP

The \$3,119,749 decrease in the liability from June 30, 2017 to June 30, 2018 is due to the increase in the assumed discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017, and a change in the actuarial cost method from Entry age level dollar to Entry age level percent of pay.

Note 2 - Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

For the year ended June 30, 2018, there were no changes in the pension benefit plan terms to the actuarial methods and assumptions used in the actuarial valuation report dated June 30, 2017.

The actuarial valuation reports became available beginning June 30, 2014. As additional actuarial valuations are obtained these schedules will ultimately present information from the ten most recent valuations.

Additional pension plan information can be found at Note 8 to the basic financial statements.

Note 3 - Budget Information

The accompanying required supplementary schedules of revenues, expenditures and changes in fund balance for the general and major special revenue funds present the original adopted budget, the final amended budget, and actual data. The original budget was adopted on a basis consistent with financial accounting policies and with accounting principles generally accepted in the United States.

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



FINANCIAL SECTION

**Other
Supplementary
Information**



FINANCIAL SECTION >
OTHER SUPPLEMENTARY STATEMENTS

Major Governmental Funds

Capital projects funds are used to account for financial resources that are restricted, committed or assigned to the improvement, acquisition or construction of capital assets.

Bond Reserve

Accounts for resources that have been committed or assigned to the future acquisition of a new administration building.

Capital Projects

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

Southern Nevada Health District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget to Actual - Bond Reserve Fund
For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget to Actual Variance</u>
Revenues				
Interest income	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ (1,433)</u>	<u>\$ (11,433)</u>
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>(1,433)</u>	<u>(11,433)</u>
Public health				
Administration	<u>-</u>	<u>-</u>	<u>13,120</u>	<u>13,120</u>
Capital outlay	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,085,651</u>	<u>(514,349)</u>
Total Expenditures	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,098,771</u>	<u>(501,229)</u>
Deficiency of Revenues Under Expenditures	<u>(1,590,000)</u>	<u>(1,590,000)</u>	<u>(1,100,204)</u>	<u>489,796</u>
Other Financing Sources				
Transfers in	<u>1,350,639</u>	<u>1,350,639</u>	<u>1,350,639</u>	<u>-</u>
Change in Fund Balance	<u>(239,361)</u>	<u>(239,361)</u>	<u>250,435</u>	<u>489,796</u>
Fund Balance, Beginning of Year	<u>978,072</u>	<u>978,072</u>	<u>1,529,419</u>	<u>551,347</u>
Fund Balance, End of Year	<u><u>\$ 738,711</u></u>	<u><u>\$ 738,711</u></u>	<u><u>\$ 1,779,854</u></u>	<u><u>\$ 1,041,143</u></u>

Southern Nevada Health District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget to Actual - Capital Projects Fund
For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget to Actual Variance</u>
Revenues				
Interest income	\$ 40,000	\$ 40,000	\$ 18,123	\$ (21,877)
Other income	-	-	36,800	36,800
	<u>40,000</u>	<u>40,000</u>	<u>54,923</u>	<u>14,923</u>
Total revenues				
Expenditures				
Public health				
Capital outlay	2,157,004	2,157,004	1,085,195	(1,071,809)
	<u>2,157,004</u>	<u>2,157,004</u>	<u>1,085,195</u>	<u>(1,071,809)</u>
Total expenditures				
Change in Fund Balance	(2,117,004)	(2,117,004)	(1,030,272)	1,086,732
Fund Balance, Beginning of Year	2,897,004	2,897,004	4,022,961	1,125,957
Fund Balance, End of Year	<u>\$ 780,000</u>	<u>\$ 780,000</u>	<u>\$ 2,992,689</u>	<u>\$ 2,212,689</u>



FINANCIAL SECTION >
OTHER SUPPLEMENTARY STATEMENTS

Internal Service Funds

Southern Nevada Health District
Schedule of Revenues, Expenses and Changes in Net Position - Budget to Actual -
Insurance Liability Reserve Fund
For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget to Actual Variance</u>
Operating expenses				
Services and supplies	<u>\$ 280,400</u>	<u>\$ 216,000</u>	<u>\$ 231,828</u>	<u>\$ 15,828</u>
Nonoperating revenues				
Interest earnings	<u>8,000</u>	<u>5,300</u>	<u>2,010</u>	<u>(3,290)</u>
Loss before transfers	<u>(272,400)</u>	<u>(210,700)</u>	<u>(229,818)</u>	<u>(15,828)</u>
Transfers in	<u>125,000</u>	<u>125,000</u>	<u>100,000</u>	<u>(25,000)</u>
Change in net position	<u>\$ (147,400)</u>	<u>\$ (85,700)</u>	<u>(129,818)</u>	<u>\$ (40,828)</u>
Net position, beginning of year			<u>347,044</u>	
Net position, end of year			<u>\$ 217,226</u>	



FINANCIAL SECTION >
OTHER SUPPLEMENTARY STATEMENTS

Agency Funds

Southern Nevada Health District
Schedule of Changes in Assets and Liabilities - Employee Events Fund
For the Fiscal Year Ended June 30, 2018

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
Assets				
Cash and cash equivalents	<u>\$ 4,688</u>	<u>\$ 6,659</u>	<u>\$ (7,167)</u>	<u>\$ 4,180</u>
Liabilities				
Amounts held for others	<u>\$ 4,688</u>	<u>\$ 6,659</u>	<u>\$ (7,167)</u>	<u>\$ 4,180</u>



FISCAL YEAR 2018 FINANCIAL STATEMENT

Compliance and Controls



**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

To the Board of Health and
Director of Administration
Southern Nevada Health District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Southern Nevada Health District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Southern Nevada Health District's basic financial statements, and have issued our report thereon dated October 31, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southern Nevada Health District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southern Nevada Health District's internal control. Accordingly, we do not express an opinion on the effectiveness of Southern Nevada Health District's internal control.

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

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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southern Nevada Health District's financial statements are free from 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. 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*.

Purpose of this Report

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

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

Las Vegas, Nevada
October 31, 2018
October 31, 2018



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Health and
Director of Administration
Southern Nevada Health District

Report on Compliance for Each Major Federal Program

We have audited Southern Nevada Health District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Southern Nevada Health District's major federal programs for the year ended June 30, 2018. Southern Nevada Health District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of Southern Nevada Health District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Southern Nevada Health 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Southern Nevada Health District's compliance.

Opinion on Each of the Other Major Federal Programs

In our opinion, Southern Nevada Health District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2018-002 and 2018-003. Our opinion on each federal program is not modified with respect to these matters.

Southern Nevada Health District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Southern Nevada Health District's corrective action plan is also included in a separately issued letter. Southern Nevada Health District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2018-001, 2018-002, and 2018-003 that we consider to be significant deficiencies.

Southern Nevada Health District's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Southern Nevada Health District's corrective action plan is also included in a separately issued letter. Southern Nevada Health District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

Las Vegas, Nevada
October 31, 2018

Southern Nevada Health District, Nevada
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
<u>Department of Health and Human Services</u>				
Passed through Nevada Department of Health and Human Services, Nevada State Health Division	93.008	6MRC5SG061001-03	\$ 247	\$ -
Passed through Nevada Department of Health and Human Services, Nevada State Health Division				
Public Health Emergency Preparedness CRI	93.069	NU90TP000534-05	101,720	
Public Health Emergency Preparedness CRI	93.069	NU90TP921907-01	386,614	
Public Health Emergency Preparedness	93.069	NU90TP000534-05	3,483	
Public Health Emergency Preparedness	93.069	NU90TP921907-01	2,319,640	
Public Health Emergency Preparedness	93.069	NU90TP921824-01	91,581	
			<u>2,903,038</u>	<u>30,000</u>
Direct Program				
Environmental Public Health and Emergency Response	93.070		88,572	
Environmental Public Health and Emergency Response	93.070		101,629	
			<u>190,201</u>	<u>37,849</u>
Direct Program				
Birth Defects and Developmental Disabilities	93.073		44,054	-
Passed through Department of Health and Human Services, Food and Drug Administration				
Food and Drug Administration Research	93.103	G-FPTF-1709-05317	3,000	
Food and Drug Administration Research	93.103	G-T-1612-04575	3,000	
Food and Drug Administration Research	93.103	U50FD005933-01	7,368	
Food and Drug Administration Research	93.103	U50FD005933-02	11,450	
			<u>24,818</u>	<u>-</u>
Direct Program				
Food and Drug Administration Research	93.103		70,000	-
Total Food and Drug Administration Research			<u>94,818</u>	<u>-</u>
Passed through Department of Health and Human Services, Centers for Disease Control and Prevention				
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	U52PS004681-03	153,268	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	NU52PS004681-04	184,034	
			<u>337,302</u>	<u>-</u>

Southern Nevada Health District, Nevada
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
Passed through Department of Health and Human Services, Centers for Disease Control and Prevention				
Injury Prevention and Control Research and State and Community Based Programs	93.136	NU17CE002737-01	6,637	
Injury Prevention and Control Research and State and Community Based Programs	93.136	NU17CE002737-02	16,189	
			<u>22,826</u>	<u>-</u>
Passed through Department of Health and Human Services, Centers for Disease Control and Prevention				
Childhood Lead Poisoning Project	93.197	NUE2EH001366-01	47,623	-
Direct Program				
Family Planning Services	93.217		1,581,050	-
Direct Program				
Substance Abuse and Mental Health Services	93.243		368,243	-
Passed through Department of Health and Human Services, Centers for Disease Control and Prevention				
Immunization Cooperative Agreements	93.268	NH23IP000727-05	572,216	-
Passed through Department of Health and Human Services, Centers for Disease Control and Prevention				
Adult Viral Hepatitis Prevention and Control	93.270	NU51PS005120-01	15,701	
Adult Viral Hepatitis Prevention and Control	93.270	NU51PS005120-02	36,009	
			<u>51,710</u>	<u>-</u>
Passed through Department of Health and Human Services, Centers for Disease Control and Prevention				
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	NU50OE000097-03	6,997	-
Direct Program				
Teenage Pregnancy Prevention Program	93.297		677,442	171,077
Passed through Department of Health and Human Services, Centers for Disease Control and Prevention				
National State Based Tobacco Control Programs	93.305	U58DP006009	188,350	60,000
Passed through Department of Health and Human Services, Centers for Disease Control and Prevention				
Epidemiology & Lab Capacity	93.323	NU50CK000419-03	565,189	-
Direct Program				
Partnerships to Improve Community Health	93.331		754,452	520,599

Southern Nevada Health District, Nevada
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
Passed through Department of Health and Human Services, Health Resources and Services Administration Improve Public Health through Nonprofit Organizations	93.424	U38OT000143-05	20,000	-
Passed through Department of Health and Human Services, Administration for Children and Families Refugee and Entrant Assistance State Administered Programs	93.566	1702NVRCMA	64,232	
Refugee and Entrant Assistance State Administered Programs	93.566	1802NVRCMA	56,144	
			120,375	483
Passed through Department of Health and Human Services, Centers for Disease Control and Prevention Social Services Block Grant	93.667	G-170INVSOSR	165,811	-
Passed through Department of Health and Human Services, Centers for Disease Control and Prevention Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance - financed in part by the Prevention and Public Health Fund (PPHF)	93.733	H23IP000989-01	101,401	-
Passed through Department of Health and Human Services, Centers for Disease Control and Prevention State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.757	NU58DP004820-04	51,990	8,139
Passed through Department of Health and Human Services, Centers for Disease Control and Prevention Preventive Health and Health Services Block Grant (PPHF)	93.758	NB01OT009079-01	16,257	
Preventive Health and Health Services Block Grant (PPHF)	93.758	NB01OT0009158-01	24,328	
			40,584	483
Passed through Department of Health and Human Services, Centers for Disease Control and Prevention Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.815	U50CK000419-01	149,627	
Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.815	U50CK000419-01S2	7,404	
			157,031	-
Passed through Department of Health and Human Services, Office of the Secretary Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817	1U3REP150510-01-00	152,828	24,950

Southern Nevada Health District, Nevada
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
Passed through Department of Health and Human Services, Office of the Secretary Early Child Home Visiting	93.870	X10MC29489	253,888	-
Passed through Department of Health and Human Services, Office of the Secretary National Bioterrorism Hospital Preparedness Program ASPR #15552	93.889	NU90TP000534-05	86,576	
National Bioterrorism Hospital Preparedness Program Program ASPR #15765	93.889	NU90TP921907-01	758,775	
			845,351	-
Passed through Department of Health and Human Services, Health Resources and Services Administration HIV Emergency Relief Project Grants	93.914	H89HA06900-12	882,707	
HIV Emergency Relief Project Grants	93.914	H89HA06900-13	327,010	
HIV Emergency Relief Project Grants	93.914	U69HA30462-01	3,266	
HIV Emergency Relief Project Grants	93.914	U69HA30462-02	49,723	
			1,262,705	5,375
Passed through Department of Health and Human Services, Health Resources and Services Administration HIV Care Formula Grants #15496	93.917	X07HA00001-27	474,533	
HIV Care Formula Grants #15496	93.917	X07HA00001-28	94,103	
			568,636	-
Direct Program Healthy Start Initiative	93.926		558,751	
Healthy Start Initiative	93.926		97,328	
			656,079	107,628
Passed through Department of Health and Human Services, Health Resources and Services Administration Special Projects of National Significance	93.928	U90HA29237	238,251	-
Passed through Department of Health and Human Services, Centers for Disease Control and Prevention HIV Prevention Activities Health Department Based	93.940	NU62PS003654-05	743,985	
HIV Prevention Activities Health Department Based	93.940	NU62PS92457901	795,699	
			1,539,684	238,792
Passed through Department of Health and Human Services, Centers for Disease Control and Prevention Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	NU62PS004024-05	69,414	-

See notes to the schedule of expenditures of federal awards.

Southern Nevada Health District, Nevada
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
Passed through Department of Health and Human Services, Substance Abuse and Mental Health Services Administration				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2B08TI010039-16	231,394	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2B08TI010039-16	409,934	
			<u>641,327</u>	<u>111,604</u>
Passed through Department of Health and Human Services, Centers for Disease Control and Prevention				
Preventive Health Services Sexually Transmitted Diseases Control Grants	93.977	NH25PS004376-04	237,517	
Preventive Health Services Sexually Transmitted Diseases Control Grants	93.977	NH25PS004376-05	215,727	
			<u>453,244</u>	<u>-</u>
Passed through Department of Health and Human Services, Health Resources and Services Administration				
Maternal and Child Health Services Block Grant to the States	93.994	B04MC30626	100,429	-
			<u>100,429</u>	<u>-</u>
Total Department of Health and Human Services			<u>15,844,786</u>	<u>1,316,979</u>
<u>Department of Agriculture</u>				
Passed through Department of Agriculture				
Agriculture Food & Nutrition	10.561	7NV400NV5	95,516	7,756
			<u>95,516</u>	<u>7,756</u>
Total Department of Agriculture			<u>95,516</u>	<u>7,756</u>
<u>Environmental Protection Agency</u>				
Passed through Environmental Protection Agency				
Office of Water				
State Public Water System Supervision	66.432	F-00910518	125,000	-
			<u>125,000</u>	<u>-</u>
Passed through Environmental Protection Agency Office of Solid Waste and Emergency Response				
Underground Storage Tank Prevention, Detection and Compliance Program	66.804	L-99T1050-1	174,995	-
			<u>174,995</u>	<u>-</u>
Total Environmental Protection Agency			<u>299,995</u>	<u>-</u>

Southern Nevada Health District, Nevada
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
<u>Department of Homeland Security</u>				
Passed through Department of Homeland Security Homeland Security Grant Program	97.067	EMW-2017-SS-00006	71,697	-
Passed through Department of Homeland Security Homeland Security Biowatch Program	97.091	2013-OH-091-000030-05	18,000	-
Total Department of Homeland Security			89,697	-
Total Federal Financial Assistance			\$ 16,329,994	\$ 1,324,735

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Southern Nevada Health District (the “District”) under programs of the federal government for the year ended June 30, 2018. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in fund balance, or cash flows, of the District.

Note B – Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District’s summary of significant accounting policies is presented in Note 1 in the District’s basic financial statements.

Note C – Indirect Cost Rate

Southern Nevada Health District did not elect to use the 10% De Minimis indirect cost rate.

Note D – Relationship to Basic Financial Statements

Expenditures of federal awards have been included in the individual funds of the District as follows:

Special Revenue Fund	\$ <u>16,329,994</u>
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Southern Nevada Health District, Nevada
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	Yes

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Public Health Emergency Preparedness	93.069
Family Planning - Services	93.217
National Bioterrorism HPP	93.889
HIV Prevention Program	93.940
 Dollar threshold used to distinguish between type A and type B programs:	 \$ 750,000
Auditee qualified as low-risk auditee?	No

Southern Nevada Health District, Nevada
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section II – Financial Statement Findings

None noted in the current year audit

Section III – Federal Award Findings and Questioned Costs

2018-001

Direct Program

Department of Health and Human Services

CFDA # 93.217

Family Planning Services

Program Income

Significant Deficiency in Internal Control over Compliance

Criteria: As a condition of receiving Federal awards, non-Federal entities agree to comply with laws, regulations, and the provisions of grant agreements and contracts, and to maintain internal control to provide reasonable assurance of compliance with these requirements.

The Family Planning Services program requires that patients served under the federal program may only be charged for the services if they are able to demonstrate the ability to pay. It is the responsibility of the District to obtain verification of each patient's ability to pay, and to apply a sliding discount to the patient's charges based upon their income level as it relates to the Federal Poverty Guidelines.

Condition: Three encounters were tested where we identified that the patient's income classifications were not supported by current proof of income verification support. In one instance the proof of income verification was not updated within one year of the encounter date. In another instance, the patient's income classification did not agree with the verification form and the patient was incorrectly charged for services. In the final instance the income classification, while appropriate, did not agree with the patient verification form.

Cause: Controls over patient income verification were not properly designed to ensure that adequate information was obtained to justify the patient's payment bracket.

Effect: A patient could be charged at an incorrect discount rate.

Questioned Costs: None reported

Context/Sampling: A nonstatistical sample of 60 encounters, from a complete population in excess of 1,000 of the District's encounters for the Family Planning Services program, was tested for proper income verification support.

Repeat Finding from Prior Year(s): Yes, prior year finding 2017-001

Recommendation: We recommend management implement stronger patient file review within the Family Planning department, to correct the breakdown in controls over the process, to avoid noncompliance in the future.

Views of Responsible Officials: Agree

Section III – Federal Award Findings and Questioned Costs (Continued)

2018-002

Direct Program(s)

**Department of Health and Human Services
Public Health Emergency Preparedness, 93.069
National Bioterrorism HPP, 93.889
HIV Prevention Activities, 93.940**

**Procurement, Suspension, and Debarment
Significant Deficiency in Internal Control over Compliance**

Grant Award Number: Affects all grant awards included under CFDA 93.069, 93.889, and 93.940.

Criteria: 2 CFR Part 200 (Uniform Guidance) requires price or rate quotations from an adequate number of qualified sources for all purchases over the micro-purchase threshold.

Condition: The District's policies do not require quotations, or RFP procedures be implemented, for certain purchases including professional services, additions to and repairs and maintenance of equipment which may be more efficiently added to, repaired or maintained by a certain person, equipment which (by reason of the training of personnel or of an inventory of replacement parts maintained by the local government) is compatible with existing equipment, perishable goods, insurance, hardware and associated peripheral equipment and devices for computers, software for computers, books, library materials, and subscriptions.

Cause: Under the Nevada Revised Statutes (NRS) 332, certain exceptions to the State's procurement standards are allowed for local governments. These exceptions are not allowed under Uniform Guidance. The District's policies comply with the standards set by NRS 332, but are not compliant with Uniform Guidance.

Effect: The best price for a purchase under a Federal program may not have been obtained.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of 120 transactions were tested (40 transactions for each program tested) where it was noted that the District's policies were not in compliance with Uniform Guidance for each transaction.

Repeat Finding from Prior Year(s): No

Recommendation: We recommend Southern Nevada Health District implement new procurement policies which incorporate the requirements under Uniform Guidance for Federally funded purchases.

Views of Responsible Officials: Management agrees with the finding

Section III – Federal Award Findings and Questioned Costs (Continued)

2018-003

Direct Program(s)

Direct Program(s)
Department of Health and Human Services
Family Planning Services, 93.217
HIV Prevention Activities, 93.940

Allowable Costs

Significant Deficiency in Internal Control over Compliance

Grant Award Number: Affects all grant awards included under CFDA 93.069, 93.217, 93.889, and 93.940.

Criteria: Personnel costs charged to a grant must be for employees budgeted to the program.

Condition: Certain non-hours based personnel costs, such as longevity pay and cellphone stipends, for employees not included in the approved grant budget, or for employees who did not work on the grant during the period tested, were charged to the grants.

Cause: The District's HR department uses "quickpay" codes within the payroll system to manually assign employees to Federal programs based on the program's approved budget. All non-hourly personnel pay is charged to programs based on these codes. However, when program budgets are changed, the employee adjustments are not always communicated to HR in a timely manner. Thus, quickpay codes are not being updated in a timely manner.

Effect: Unallowed costs are being charged to Federal programs.

Questioned Costs: Family Planning Services, 93.217 – Less than \$2,000 in total questioned costs related to this finding.
HIV Prevention Activities, 93.940 – Less than \$2,000 in total questioned costs related to this finding.

Context/Sampling: A nonstatistical sample of 80 transactions, of a population of 744, were tested (40 transactions for each program tested) of which 9 transactions were identified where personnel costs for employees no longer included in the grant budgets were charged to the grants.

Repeat Finding from Prior Year(s): No

Recommendation: We recommend Southern Nevada Health District improve communication and review controls over payroll for employees budgeted to Federal programs.

Views of Responsible Officials: Management agrees with the finding



Auditor's Comments

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

In connection with our audit of the financial statements of the governmental 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, 2018, and the related notes to the financial statements, except as noted below, nothing came to our attention that caused us to believe that the Health District, failed to comply with the specific requirements of Nevada Revised Statutes. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Health District's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

CURRENT YEAR STATUTE COMPLIANCE

The Health District conformed to all significant statutory constraints on its financial administration during the year.

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

The Health District monitored all significant constraints on its financial administration during the year ended June 30, 2018.

PRIOR YEAR RECOMMENDATIONS

The status of prior year recommendations is included in the Summary Schedule of Prior Year Findings accompanying the financial statements.

CURRENT YEAR RECOMMENDATIONS

Current year recommendations are included in the schedule of findings and questioned costs.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Las Vegas, Nevada
October 31, 2018