





Memorandum #10-13

Date: November 26, 2013

To: SOUTHERN NEVADA DISTRICT BOARD OF HEALTH

From: Mars P. Patricio, Jr., *Financial Services Manager* 
Joseph P. Iser, MD, DrPH, MSc, *Chief Health Officer* 

Subject: Audit Report Fiscal Year Ending June 30, 2013

The independent firm of Piercy Bowler Taylor & Kern, CPA's, has completed an audit of the Southern Nevada Health District's financial statements for Fiscal Year Ending June 30, 2013. A report has been issued on SNHD's compliance with internal control over financial reporting. The auditors will present a report on the financial status of SNHD at the November meeting.

A copy of SNHD's Comprehensive Annual Financial Report (CAFR) will be provided. Summary of Audit Report for FY 2013 shows unqualified opinion on the Financial Statement and qualified opinion on the Federal Awards.



SOUTHERN NEVADA HEALTH DISTRICT

Fiscal Year 2013

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**



SOUTHERN NEVADA HEALTH DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
JUNE 30, 2013**

**PREPARED BY
ADMINISTRATION DIVISION, FINANCIAL SERVICES SECTION**

**DR. JOSEPH ISER
CHIEF HEALTH OFFICER**



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SOUTHERN NEVADA HEALTH DISTRICT

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SOUTHERN NEVADA HEALTH DISTRICT

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INTRODUCTORY SECTION



November 26, 2013

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

The Comprehensive Annual Financial Report (CAFR) of the Southern Nevada Health District, Clark County, Nevada, for the fiscal year ended June 30, 2013, is submitted herewith as mandated by NRS 354.624. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Southern Nevada Health District (SNHD or the District). To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds of SNHD. All disclosures necessary to enable the reader to gain an understanding of SNHD's financial activities have been included. The reader is referred to the Management Discussion and Analysis section beginning on page 13 for an overview of SNHD's financial position and result of operations.

Profile of the Government

Established pursuant to Nevada Revised Statutes Chapter 439, the Southern Nevada Health District's mission is to protect and promote the health, the environment, and the well being of Southern Nevada residents and visitors. It is one of the largest local public health districts in the nation. It serves a population of over 2 million, representing 72.5% of the state's population, and almost 40 million tourists annually, with a staff of approximately 500 employees working in four divisions. In furtherance of its mission, public health services are available to everyone, regardless of income.

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

Two elected officials each from the Board of County Commissioners and the largest city in Clark County (City of Las Vegas)

One elected representative from each of the four remaining jurisdictions in the county (Boulder City, Henderson, Mesquite and North Las Vegas)

Six at-large members selected by the Board and meeting the following specifications:

Two representatives who are physicians licensed to practice medicine in this State, one of whom is selected on the basis of education, training, experience, or demonstrated abilities in the provision of health care services to members of minority groups and other medically underserved populations.

One representative who is a registered nurse licensed to practice in Nevada.

One representative with a background or expertise in environmental health or environmental health services.

One representative of a nongaming business or from a business or industry that is subject to regulation by the health district.

One representative of the association of gaming establishments whose membership in the county collectively paid the most gross revenue fees to the State pursuant to NRS 463.370 in the preceding year, who must be selected from a list of nominees submitted by the association. If no such association exists, the representative selected pursuant to this subparagraph must represent the gaming industry. Information about the gaming member was added during the 2011 Legislative session.

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

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

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

Reporting Entity

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

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

Health District Services

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

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

The Clinic and Nursing Services Division provides services to clients through its public health centers located throughout the Valley. Services are provided regardless of client's ability to pay and include providing immunizations for infants, children and adults, sexually transmitted disease (STD) testing and treatment, tuberculosis (TB) treatment and control, family planning services, refugee services, well child check-ups, HIV/AIDS case management and home visitation. Nursing Services are also provided through special outreach events as requested by the community.

Environmental Health Division activities include the oversight of public health programs designed to protect the health of residents and visitors through inspection programs for child care facilities; food and beverage establishments; schools; jails; body art establishments; public accommodations; public swimming pools and spas; installation, repairs, upgrades and suspected leaks of underground storage tanks; and tattoo, permanent makeup and body piercing operations. Additionally, a plan review program covering food and beverage establishments; public accommodations; schools; jails; body art establishments; childcare facilities; individual sewage disposal systems; public swimming pools and spas; public water

systems and subdivision review is in place. SNHD is the Solid Waste Management Authority for Clark County and in this capacity provides regulatory oversight, including plan reviews and inspections of all solid waste facilities and recycling centers. Waste management audit inspections are conducted to ensure area businesses manage waste properly and are protective of public health and the environment. The division also monitors for potential outbreaks in the animal population to prevent the spread of disease and conducts routine surveillance programs in the spring, summer and fall of each year. These programs monitor for diseases such as plague, Hantavirus and West Nile Virus.

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

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

Economic Conditions and Outlook

Although population growth has slowed because of fewer job opportunities, according to the US Census, the population in Clark County grew to 2,000,759 in 2012. This reflects a population increase of 1.6% over the 2011 population of 1,969,975. Growth is expected to continue.

Nevada is still experiencing a higher rate of foreclosures than most states, causing disruptions and financial burden for borrowers and lenders. Tax revenues dependent on housing, remain depressed, resulting in increased unemployment and reduced spending. According to the Nevada Workforce Informer, the unemployment rate in Nevada was reported at 9.9% as of June 2013, compared to 11.5% a year ago and is above the national unemployment average rate of 7.8%. Clark County's unemployment rate of 10.1% is 0.2% higher than that of the state of Nevada. With weak job growth, falling home prices, increased difficulty in obtaining loans as well as high food and energy costs, consumer confidence continues to slip, which suggests uncertainty of growth across the broader economy.

The Main health center building at the Shadow Lane campus has become inadequate and too antiquated to provide basic services effectively. In April, 2012 the building was deemed structurally unsound and was closed. There is no bracing and ties on the walls to provide lateral capacity in addition to the lack of a functioning diaphragm. When the structural engineering analysis of the building was completed, it was determined that it was not just marginally less than what the building code determined as minimally safe, but rather grossly less than minimally safe; thus, the architects and engineers recommended that the building not be occupied at that point.

The cost of additional leased space for the expansion of required programs and the replacement of the Main facility campus contributed to the marked increase in SNHD's operational expenses in fiscal 2013. In addition, constructing a new facility would be prohibitively expensive at this time. In order to arrange for a replacement facility, SNHD faces the challenge of arranging for financing. SNHD's fund balance in its "Bond Reserve Fund" is earmarked for this essential capital acquisition. Currently the fund has an ending balance of \$11,313,465. The District has additional facilities located in East Las Vegas, Henderson, 400 Shadow Lane, Cambridge Community Center, Laughlin, Mesquite and North Las Vegas. The diversification of the Las Vegas economy has proceeded at a slower pace than anticipated. The ability to meet the increasing demand for more public health services will continue to depend on SNHD's ability to diversify its funding in light of the expected decrease in property tax.

Visitor volume grew by 2.1% in 2012 to 39,727,022, an increase of 798,322 visitors over the 2011 total of 38,928,700; and an increase of 530,261 or 1.35% from a pre-recession 2007 total of 39,196,761.

A number of strategies have been formulated to strengthen the Las Vegas economy but it will be challenging to implement them. While prices have now started to increase in the housing market, the sales of both new and existing homes decreased by 7.0% in 2012 from 2011. In many cases, potential buyers are struggling to secure mortgages as creditors have tightened financing and lending policies. The Treasury Department has injected stimulus funding in the banking sector to persuade banks to start making loans again. The median existing home prices rose 10.7% to \$117,000 in 2012.

In fiscal 2013, the County collected total property tax of \$1.4 billion within the same year the tax was levied representing a decrease of 8% or \$130.8 million from fiscal 2012. In comparison, SNHD's property tax allocation in fiscal 2013 decreased by 7.5 % or \$1.5 million. The housing market will need to be stabilized before seeing any improvement in the economy.

Budget challenges in Federal, State, and local governments had negative impact on the funding stream of various programs in the District. When compared to the prior fiscal year, SNHD saw decline in the current fiscal year revenue related to Title XIX Medicaid, General Services, Regulatory Revenue, Federal Funds distributed by State, Federal Grants, and Interest Income.

Clark County gross gaming revenue for 2012 was \$9.4 billion. This reflects a 1.9% increase over the 2011 total of \$9.2 billion; but, a decrease of \$1.5 billion or 13.5% from pre-recession 2007 total revenue of \$10.9 billion.

Financial Information

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

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

Single Audit

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

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

Budgetary Controls

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

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

Cash Management

SNHD is required by NRS 439.367 to pool all of its funds with Clark County and these funds are invested by the Clark County Treasurer. At fiscal year end June 30, 2013, \$43,758,641 in cash resources was invested with the Clark County Treasurer. The average effective yield on maturing investments was 0.82% compared with 1.74% in the prior year. The Clark County Treasurer's policy is to invest public funds in a manner that will provide for the highest degree of safety, liquidity, and yield while conforming to all statutes governing the investing of public funds.

Risk Management

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

Risks marked by high severity and high probability are dealt with through avoidance and reduction.

Risks with high severity and low probability are most appropriately dealt with through insurance.

Risks characterized by low severity and high probability are appropriately dealt with through retention of funds and reduction of risks.

Risks characterized by low severity and low probability are best handled through retention.

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

Other Information

Independent Audit

Nevada Revised Statute 354.624 requires an annual audit by independent certified public accountants. The accounting firm of Piercy Bowler Taylor & Kern was selected by the Board to perform the fiscal 2013 audit. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act of 1996 and related OMB Circular A-133. The auditor's report on the basic financial statements is included in the financial section of this report beginning on page 11. The auditor's report on the internal accounting controls of SNHD and statement regarding the use of monies in compliance with the purpose of each fund (beginning on page 79) is included in the compliance and controls section and will be filed as a public record pursuant to NRS 354.624.

Report Evaluation

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting (CAEFR) to those agencies meeting its established criteria. In order to be awarded a Certificate of Achievement, SNHD must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to the program standards. The District has received the Certificate of Achievement for its CAFR for fiscal years ending 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011 and 2012. See page 9 for the fiscal 2012 CAEFR certificate.

Acknowledgements

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

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

Respectfully submitted,



Marciano P. Patricio, Jr.
Financial Services Manager



Joseph Iser, MD, DrPH, MSc
Chief Health Officer

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Chief Health Officer
Joseph P. Iser, MD, DrPH, MSc



DISTRICT OFFICIALS



Board of Health

FY 2013 BOARD MEMBERS

(Pictured Above) VICE CHAIR Sam Bateman, Henderson City Councilman; Bob Beers, City of Las Vegas Councilman; Susan Crowley, Environmental Specialist Member at Large; Chris Giunchigliani, Clark County Commissioner; Tim Jones, Business/Industry Member at Large; Allan Litman, Mesquite City Councilman; Marietta Nelson, MD, Physician Member at Large; Frank Nemecek, MD, Physician Member at Large; Bill Noonan, Gaming Member at Large; CHAIR Mary Beth Scow, Clark County Commissioner; SECRETARY Lois Tarkanian, Las Vegas City Councilwoman; Lori Winchell, DrPH, FNP, RN, Registered Nurse Member at Large; Anita Wood, North Las Vegas Councilman; Rod Woodbury, Boulder City Councilman.

FY 2013 ALTERNATES

(Not Pictured) Michael Collins, RN, Registered Nurse Member at Large; Douglas Dobyne, Business/Industry Member at Large; Pamela Goynes-Brown, North Las Vegas Councilwoman; Karl Gustaveson, Mesquite City Councilman; Peggy Leavitt, Boulder City Councilwoman; John Marz, Henderson City Councilman; Kenneth Osgood, MD, MPH, Physician Member at Large; Kathleen Peterson, Environmental Member at Large; Steven Ross, Las Vegas City Councilman; Stan Smith; Gaming Member at Large; Lawrence Weekly, Clark County Commissioner.

FY 2013 DIVISION DIRECTORS

ADMINISTRATION
Elaine Glaser

CLINICS & NURSING
SERVICES
Bonnie Sorenson, RN

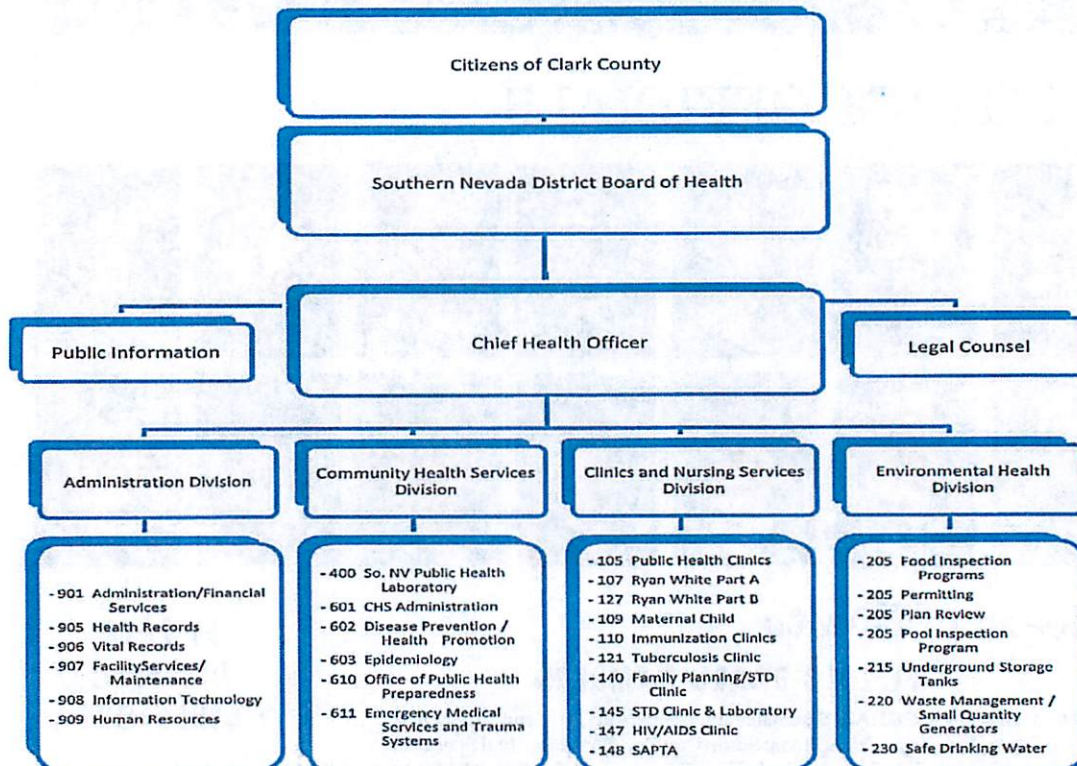
COMMUNITY HEALTH
Tom Coleman, MD

ENVIRONMENTAL
HEALTH
Amy Irani (Acting)

SOUTHERN NEVADA HEALTH DISTRICT

ORGANIZATION CHART

FOR THE YEAR ENDED JUNE 30, 2013



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



Government Finance Officers Association

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**Southern Nevada
Health District**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

2012



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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Southern Nevada
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Jeffrey A. Casen

Executive Director / CEO



FINANCIAL SECTION

**Independent Auditors' Report on
Financial Statements and
Supplementary Information**

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

Board of Health
Southern Nevada Health District
Las Vegas, Nevada

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Southern Nevada Health District (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Management's Responsibility for the Financial Statements. Management is responsible for the preparation and fair presentation of the basic 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 basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility. Our responsibility is to express an opinion on the basic 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 basic financial statements are free from material misstatement.

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

Opinion. In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2013, 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.

Other Matters. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, postemployment benefits other than pensions, schedule of funding progress and budgetary comparison information on pages 13-27 and 63-65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have

applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States 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.

Other Information. Our audit was conducted for the purpose of forming our opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section, other supplementary information, as listed in the table of contents, statistical section and schedule of business license fees are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 other supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*. In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Las Vegas, Nevada
November 18, 2013

**Management's Discussion
and Analysis**

SOUTHERN NEVADA HEALTH DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2013

As members of the Southern Nevada Health District's Leadership Team, we offer the readers of the Southern Nevada Health District (SNHD), financial statements this narrative overview and analysis of the financial activities of the SNHD for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found beginning on page 1 of this report.

Financial Highlights

SNHD's assets exceeded its liabilities at the close of the most recent fiscal year by \$33,186,859 (net position). Of this amount, \$23,904,014 represents unrestricted net position, which may be used to meet the government's on-going obligations to citizens and creditors.

SNHD's total net position increased by \$3,443,527 due to receiving property tax allocation from the County that was underfunded in fiscal years 2012 and 2013.

At the close of the current fiscal year, SNHD's governmental funds reported combined fund balances of \$38,924,654 an increase of \$6,795,316 in comparison with the prior year. Approximately 52% of this amount or \$20,157,560 is available for spending at the government's discretion (unassigned fund balance).

At the end of the current fiscal year, unassigned fund balance in the general fund was approximately 30% of the total general fund expenditures.

The Bond Reserve Fund ending fund balance of \$11,313,465 increased 1%, or \$92,764, over the prior year balance of \$11,220,701, due to interest income earned.

The Capital Projects Fund ending fund balance of \$6,534,951 decreased 13%, or \$991,609, from the prior year balance of \$7,526,560, due to capital outlay expenditures that were not funded by transfers-in from the general fund.

Overview of the Financial Statements

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

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

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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

The statement of activities presents information showing how SNHD's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (*e.g.*, earned but unused vacation leave).

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

Administration. Includes programs for health cards, vital records, general administration, financial services, facilities maintenance, information technology, human resources, and public information.

Clinics and Nursing Services. Includes programs for communicable diseases, general nursing administration, immunizations, women's health, children's health, refugee health, and other nursing programs.

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

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

The government-wide financial statements can be found beginning on page 29 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. SNHD, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of SNHD can be divided into three categories:

Governmental funds

Proprietary funds

Fiduciary funds

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Governmental Funds

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

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

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

The basic governmental fund financial statements can be found beginning on page 33 of this report.

Proprietary Funds

The SNHD maintains two different types of proprietary funds:

An *enterprise fund* is used to report the same functions presented as business-type activities in the government-wide financial statements. SNHD accounts for the activity of the Southern Nevada Public Health Laboratory (SNPHL) in an enterprise fund.

An *internal service fund* is used to accumulate and allocate costs internally among various functions. SNHD uses an internal service fund to account for the management of its self-insured workers compensation claims. SNHD's self-insured workers compensation program became effective on July 1, 2005, after it was approved by the Division of Insurance of the State of Nevada on May 12, 2005 and the Southern Nevada District Board of Health on May 26, 2005.

The basic proprietary fund financial statements can be found beginning on page 37 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support SNHD's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. SNHD uses the Retiree Health Insurance Fund is used to report resources held in trust for retirees, as required by the terms of the Collective Bargaining Agreement with the Service Employee International Union (SEIU). The resources in this fund will be used to help fund retired employee costs in maintaining the group health insurance benefit as provided by SNHD.

The fiduciary fund financial statements can be found on page 40 of this report.

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Notes to the Financial Statements

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

The notes to the financial statements can be found beginning on page 41 of this report.

Other Information

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

Required supplementary information can be found beginning on page 63 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the SNHD, assets exceeded liabilities by \$33,186,859 at the close of the most recent fiscal year.

Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Assets						
Current, restricted and other	\$ 44,460,295	\$ 36,820,414	\$ 4,100,215	\$ 4,467,930	\$ 48,560,510	\$ 41,288,344
Capital	8,390,904	9,194,971	891,941	862,310	9,282,845	10,057,281
Total assets	52,851,199	46,015,385	4,992,156	5,330,240	57,843,355	51,345,625
Liabilities						
Current	4,646,106	3,809,993	123,656	135,873	4,769,762	3,945,866
Long-term	19,235,595	17,117,560	651,139	538,867	19,886,734	17,656,427
Total liabilities	23,881,701	20,927,553	774,795	674,740	24,656,496	21,602,293
Net position						
Net investment in capital assets	8,390,904	9,194,971	891,941	862,310	9,282,845	10,057,281
Unrestricted	20,578,594	15,892,861	3,325,420	3,793,190	23,904,014	19,686,051
Total net position	\$ 28,969,498	\$ 25,087,832	\$ 4,217,361	\$ 4,655,500	\$ 33,186,859	\$ 29,743,332

Total unrestricted net position represents 72% of total net position and is available to meet SNHD's ongoing obligations to citizens and creditors. The remainder of SNHD's net position (28%) reflects its investment in capital assets (e.g., land, buildings, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. SNHD uses these capital assets to provide a variety of services to citizens. Accordingly, these assets are not available for future spending.

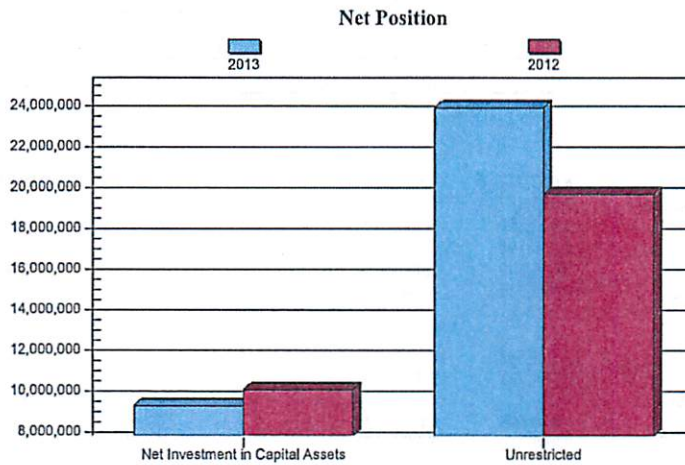
At the end of the current fiscal year, SNHD is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013



SNHD's overall net position increased \$3,443,527 from the prior fiscal year. The reasons for the overall increase are discussed in the following sections for the governmental activities and business-type activities.

Summary Statement of Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues						
Charges for services	\$ 27,367,311	\$ 29,150,525	\$	\$	\$ 27,367,311	\$ 29,150,525
Operating grants and contributions	15,524,141	21,013,546	1,757,402	1,160,177	17,281,543	22,173,723
General revenues						
Property tax allocation	32,167,828	5,692,534			32,167,828	5,692,534
Unrestricted investment income	267,114	755,742	38,412	93,317	305,526	849,059
Gain on disposal of capital assets		(3,219)		(2,678)		(5,897)
Miscellaneous	2,000				2,000	
Total revenues	75,328,394	56,609,128	1,795,814	1,250,816	77,124,208	57,859,944

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SOUTHERN NEVADA HEALTH DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

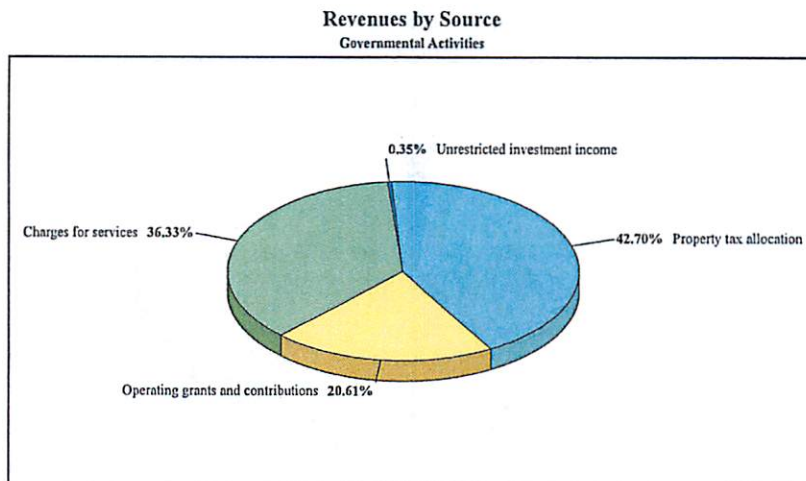
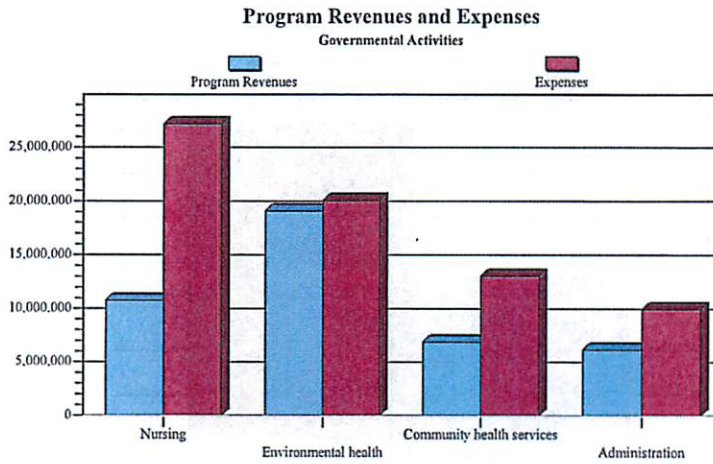
Summary Statement of Changes in Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Expenses						
Public health						
Nursing						
Communicable diseases	\$ 8,052,327	\$ 7,651,569	\$	\$	\$ 8,052,327	\$ 7,651,569
General nursing administration	2,593,437	2,841,367			2,593,437	2,841,367
Immunizations	5,332,565	5,234,679			5,332,565	5,234,679
Women's health	2,860,198	2,791,319			2,860,198	2,791,319
Children's health	2,646,539	2,447,825			2,646,539	2,447,825
Indirect cost allocation	5,695,586	4,940,210			5,695,586	4,940,210
Environmental health						
Environmental health and sanitation	13,194,888	12,937,138			13,194,888	12,937,138
Waste management	2,364,731	2,553,745			2,364,731	2,553,745
Other environmental health programs	610,696	685,653			610,696	685,653
Indirect cost allocation	3,867,316	3,615,358			3,867,316	3,615,358
Community health services						
Administration	1,641,676	1,266,661			1,641,676	1,266,661
Health education	3,012,037	8,587,683			3,012,037	8,587,683
Epidemiology	948,386	1,156,060			948,386	1,156,060
Public health preparedness	3,262,330	3,204,142			3,262,330	3,204,142
Emergency medical services	688,945	661,575			688,945	661,575
Indirect cost allocation	3,475,882	3,365,266			3,475,882	3,365,266
Administration						
Health cards	3,747,122	5,222,816			3,747,122	5,222,816
Disaster recovery	3,028,524	425,763			3,028,524	425,763
Vital records	1,492,597	1,536,027			1,492,597	1,536,027
Indirect cost allocation	1,679,282	1,720,846			1,679,282	1,720,846
Southern Nevada Public Health Laboratory			3,485,617	3,021,468	3,485,617	3,021,468
Total expenses	<u>70,195,064</u>	<u>72,845,702</u>	<u>3,485,617</u>	<u>3,021,468</u>	<u>73,680,681</u>	<u>75,867,170</u>
Transfers	<u>(1,251,664)</u>	<u>(511,771)</u>	<u>1,251,664</u>	<u>511,771</u>		
Change in net position	3,881,666	(16,748,345)	(438,139)	(1,258,881)	3,443,527	(18,007,226)
Net position, beginning of year	<u>25,087,832</u>	<u>41,836,177</u>	<u>4,655,500</u>	<u>5,914,381</u>	<u>29,743,332</u>	<u>47,750,558</u>
Net position, end of year	<u>\$ 28,969,498</u>	<u>\$ 25,087,832</u>	<u>\$ 4,217,361</u>	<u>\$ 4,655,500</u>	<u>\$ 33,186,859</u>	<u>\$ 29,743,332</u>

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SOUTHERN NEVADA HEALTH DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

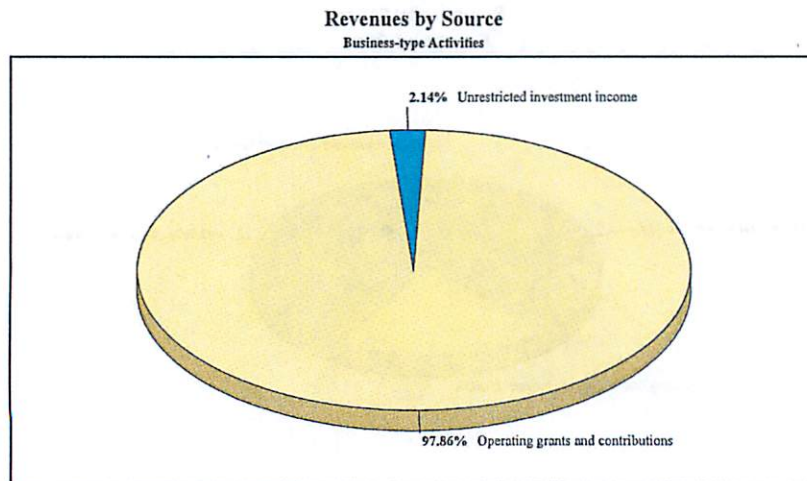
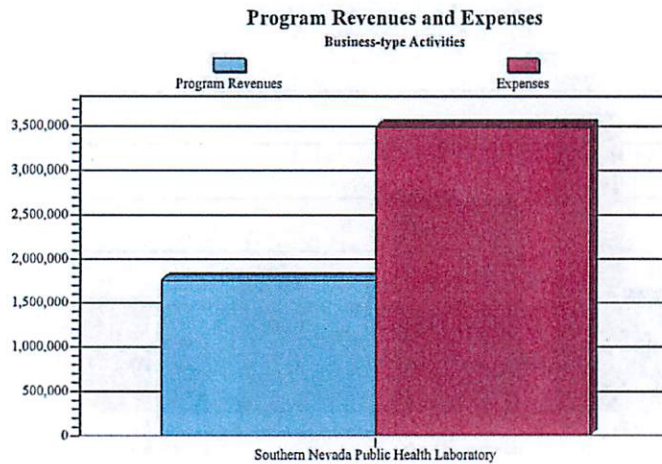


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SOUTHERN NEVADA HEALTH DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013



Governmental Activities

During the current fiscal year, net position for governmental activities increased \$3,881,666 from the prior fiscal year to an ending balance of \$28,969,498. The increase in the overall net position of governmental activities is the result of a \$26,475,294 increase in the property tax allocation received from Clark County, \$13,974,303 of which relates to underfunding in fiscal year 2012 and \$2,313,563 in fiscal year 2013.

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SOUTHERN NEVADA HEALTH DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Business-type Activities

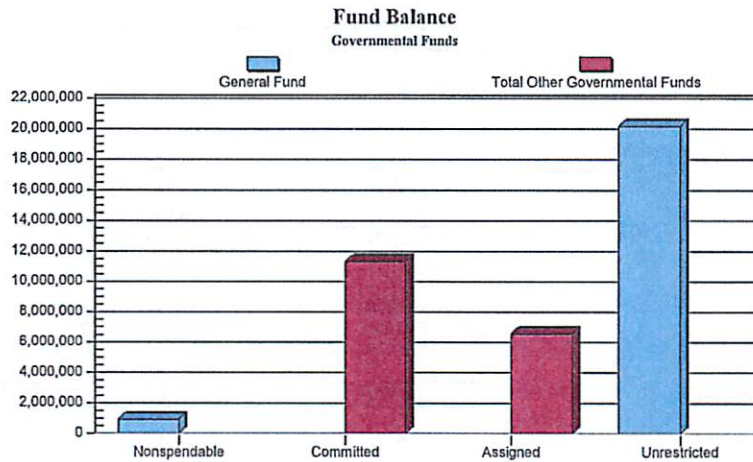
For the Southern Nevada Public Health Laboratory's business-type activities, the result for the current fiscal year showed that overall net position decreased by \$438,139, to reach an ending balance of \$4,217,361. The decrease is due to operating expenses exceeding total revenue coming from indirect federal grants and investment income.

Financial Analysis of Governmental Funds

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

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

At June 30, 2013, SNHD's governmental funds reported combined fund balances of \$38,924,654, an increase of \$6,795,316 in comparison with the prior year. Approximately 52%, or \$20,157,560, of this amount constitutes unassigned fund balance, which is available for spending at SNHD's discretion. The remainder of governmental fund balance is classified as follows: \$918,678 is non-spendable, \$11,313,465 is committed to facility acquisition, and \$6,534,951 is assigned to capital projects improvements.



(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

The general fund is the chief operating fund of SNHD. At the end of the current fiscal year, unassigned fund balance of the general fund was \$20,157,560, while the total fund balance is \$21,076,238. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures.

Unassigned fund balance represents approximately 30% of total general fund expenditures, while total fund balance represents approximately 32% of that same amount. The total fund balance of SNHD's general fund increased by \$7,694,161 during the current fiscal year due to the increase in property tax allocation received from Clark County, \$13,974,303 of which relates to underfunding in fiscal year 2012 and \$2,313,563 which relates to underfunding in fiscal year 2013.

Other governmental funds consist of the Bond Reserve Fund (also known as Building Fund) and the Capital Projects Fund. The Bond Reserve Fund was approved by the Board of Health on March 27, 2008, so that the Health District will be able to pay bonded debt in the event that the County issues bonds on behalf of SNHD in order to fund a new facility replacement for the main campus on 330 S. Valley View Boulevard. On December 16, 2010, the Southern Nevada District Board of Health amended the original purpose of the Bond Reserve Fund to allow the Board of Health to utilize the resources of the debt service fund for any identifiable projects at the discretion of the Board that benefit the public health of Clark County.

The Bond Reserve fund has a committed balance of \$11,313,465 at the end of the current fiscal year, which increased by \$92,764 as compared to the prior fiscal year. The increase was due to interest income. The Capital Projects Fund has \$6,534,951 of fund balance assigned for future capital improvements. Fund balance in the Capital Projects Fund decreased by \$991,609, due to capital outlay expenditures that were not funded by transfers-in from the General Fund.

General Fund Revenues

	2013		2012		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
REVENUES						
Charges for services						
Title XIX Medicaid	\$ 484,388	0.64 %	\$ 608,192	1.08 %	(123,804)	(20.36)%
Vital records, immunizations and other medical services	4,866,325	6.47 %	5,200,688	9.24 %	(334,363)	(6.43)%
Regulatory services	21,614,151	28.75 %	22,897,904	40.66 %	(1,283,753)	(5.61)%
Program contract services	383,310	0.51 %	466,945	0.83 %	(83,635)	(17.91)%
Total charges for services	<u>27,348,174</u>	<u>36.38 %</u>	<u>29,173,729</u>	<u>51.81 %</u>	<u>(1,825,555)</u>	<u>(6.26)%</u>
Intergovernmental revenues						
Property tax allocation	32,167,828	42.79 %	5,692,534	10.11 %	26,475,294	465.09 %
State funding	643,646	0.86 %	437,330	0.78 %	206,316	47.18 %
Indirect federal grants	9,874,038	13.14 %	9,505,315	16.88 %	368,723	3.88 %
Direct federal grants	4,649,249	6.19 %	10,995,381	19.53 %	(6,346,132)	(57.72)%
Total intergovernmental revenues	<u>47,334,761</u>	<u>62.97 %</u>	<u>26,630,560</u>	<u>47.29 %</u>	<u>20,704,201</u>	<u>77.75 %</u>
Contributions and donations	18,273	0.02 %	13,157	0.02 %	5,116	38.88 %
Interest income	107,506	0.14 %	477,086	0.85 %	(369,580)	(77.47)%
Other	360,072	0.48 %	14,594	0.03 %	345,478	2,367.26 %
Total revenues	<u>\$ 75,168,786</u>	<u>100.00 %</u>	<u>\$ 56,309,126</u>	<u>100.00 %</u>	<u>18,859,660</u>	<u>33.49 %</u>

The decrease in charges for services was due to the transfer of applicant testing to the Public Broadcasting System (PBS).

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

The increase in property tax allocation is due to Clark County restoring the full property tax allocation to SNHD in fiscal 2013, as required by NRS 439.365. After SNHD prevailed in a Nevada State Supreme Court case regarding the proper interpretation of NRS 439.365, based on which full funding and the future of SNHD depended, Clark County transferred the previously underfunded amounts, which included \$13,974,303 related to fiscal year 2012 and \$2,313,563 related to fiscal year 2013.

The decrease in other intergovernmental revenues (excluding the property tax allocation) was due to the expiration of two Federal grants: Communities Putting Prevention to Work (CPPW) Obesity, which expired in June 2013, and Communities Putting Prevention to Work (CPPW) Tobacco, which expired in March 2013.

The increase in contributions and donations was due to drowning prevention donations.

The decline in interest income was due to lower interest rates.

The increase in other income is due to the receipt of cost reimbursements totaling approximately \$330,000, related to costs incurred by the District in connection with the Hepatitis C investigation.

General Fund Expenditures

	2013		2012		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
EXPENDITURES						
Current						
Public health						
Nursing	\$ 20,607,106	31.16 %	\$ 19,926,399	29.21 %	680,707	3.42 %
Environmental health	15,310,788	23.15 %	15,206,451	22.29 %	104,337	0.69 %
Community health services	9,214,932	13.93 %	14,393,695	21.10 %	(5,178,763)	(35.98)%
Administration	21,008,563	31.76 %	18,697,521	27.41 %	2,311,042	12.36 %
Total expenditures	\$ 66,141,389	100.00 %	\$ 68,224,066	100.00 %	(2,082,677)	(3.05)%

The increase in nursing expenditures was primarily due to salaries and fringe benefits for staff transferred to nursing after the Health Cards department closed in November 2012.

The increase in environmental health expenditures was due to a merit increase for staff that also resulted in an increase in salaries and fringe benefits.

Community health services expenditures decreased due to the close-out of the Communities Putting Prevention to Work (CPPW) Tobacco and CPPW Obesity federal grant programs in March and June 2013, respectively.

The increase in administration expenditures was mainly the result of an increase in rent of \$1,493,872 for the new main office at 330 S. Valley Boulevard. Prior to moving into the new main office in August 2012, SNHD did not pay rent for the main office. In addition, contract services increased \$735,141.

Financial Analysis of Proprietary Funds

Unrestricted net position at the end of the fiscal year for the SNPHL and Insurance Liability Reserve Fund was \$3,325,420 and \$889,535, respectively.

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

General Fund Budgetary Highlights

Original budget compared to final budget

During the year there was no need for any amendment to change either the original estimated revenue or original budgeted appropriations

Final budget compared to actual results

Differences between budgeted revenue and actual revenue were as follows:

General Fund Budget to Actual Information

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Charges for services				
Title XIX Medicaid	\$ 588,895	\$ 588,895	\$ 484,388	\$ (104,507)
Vital records, immunizations and other medical services	5,458,740	5,458,740	4,866,325	(592,415)
Regulatory services	22,676,666	22,676,666	21,614,151	(1,062,515)
Program contract services	583,866	583,866	383,310	(200,556)
Intergovernmental revenues				
Property tax allocation	17,973,540	17,973,540	32,167,828	14,194,288
State funding	400,000	400,000	643,646	243,646
Indirect federal grants	9,412,091	9,412,091	9,874,038	461,947
Direct federal grants	3,548,339	3,548,339	4,649,249	1,100,910
Contributions and donations	6,355	6,355	18,273	11,918
Interest income	350,000	350,000	107,506	(242,494)
Other	8,969	8,969	360,072	351,103
EXPENDITURES				
Public health				
Salaries and wages	39,047,276	39,229,726	35,798,486	3,431,240
Employee benefits	14,677,663	14,735,213	12,742,865	1,992,348
Services and supplies	15,032,671	16,689,721	17,600,038	(910,317)
OTHER FINANCING USES				
Transfers out	(2,809,558)	(2,809,772)	(1,333,236)	1,476,536

The shortfall in regulatory services was due to the transfer of applicant testing to the Public Broadcasting System (PBS).

Property Tax Allocation exceeded budget due to the retroactive collection of property tax allocation received from the County that was underfunded in fiscal years 2012 and 2013.

Direct Federal Funds exceeded budget due to carry over funds the Communities Putting Prevention to Work (CPPW) Tobacco and CPPW Obesity federal grants.

Total expenditures are \$4.5 million below budget. Salaries and employee benefits decreased by \$5.4 million, which was partially offset by an overall increase in services and supplies of approximately \$900,000.

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Capital assets

As of June 30, 2013, SNHD's net investment in capital assets for its governmental activities amounts to \$8,390,904, while the net investment in business-type activities amounted to \$891,941. This amount investment in capital assets includes land, buildings and improvements, vehicles and equipment. The total decrease in capital assets for the current fiscal year was approximately \$774,436, or 8%, due primarily to depreciation expense.

	Balance July 1, 2012	Increases and transfers *	Decreases and transfers *	Balance June 30, 2013
Governmental activities				
Capital assets not being depreciated or amortized				
Land	\$ 2,059,765	\$ _____	\$ _____	\$ 2,059,765
Total capital assets not being depreciated or amortized	2,059,765	_____	_____	2,059,765
Capital assets being depreciated or amortized				
Buildings	4,697,563			4,697,563
Improvements other than buildings	9,221,653	28,565	(238,668)	9,011,550
Furniture, fixtures and equipment	10,066,815	1,028,011	(1,206,386)	9,888,440
Vehicles	670,401	40,503		710,904
Total capital assets being depreciated or amortized	24,656,432	1,097,079	(1,445,054)	24,308,457
Accumulated depreciation and amortization				
Buildings	(1,940,806)	(93,951)		(2,034,757)
Improvements other than buildings	(8,153,298)	(372,968)	180,285	(8,345,981)
Furniture, fixtures and equipment	(6,795,979)	(927,923)	780,060	(6,943,842)
Vehicles	(631,143)	(21,595)		(652,738)
Total accumulated depreciation and amortization	(17,521,226)	(1,416,437)	960,345	(17,977,318)
Total capital assets being depreciated or amortized, net	7,135,206	(319,358)	(484,709)	6,331,139
Total governmental activities	\$ 9,194,971	\$ (319,358)	\$ (484,709)	\$ 8,390,904

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

	Balance July 1, 2012	Increases and transfers *	Decreases and transfers *	Balance June 30, 2013
Business-type activities				
Capital assets being depreciated or amortized				
Improvements other than buildings	\$ 96,241	\$ _____	\$ _____	\$ 96,241
Furniture, fixtures and equipment	2,268,305	193,568	(49,002)	2,412,871
Vehicles	17,990	22,982		40,972
Total capital assets being depreciated or amortized	2,382,536	216,550	(49,002)	2,550,084

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Increases and transfers *	Decreases and transfers *	Balance June 30, 2013
Accumulated depreciation and amortization				
Improvements other than buildings	\$ (47,161)	\$ (6,966)		\$ (54,127)
Furniture, fixtures and equipment	(1,467,818)	(161,137)	33,823	(1,595,132)
Vehicles	(5,247)	(3,637)		(8,884)
Total accumulated depreciation and amortization	(1,520,226)	(171,740)	33,823	(1,658,143)
Total business-type activities	\$ 862,310	\$ 44,810	\$ (15,179)	\$ 891,941

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

Some of the larger capital asset transactions for fiscal year ending June 30, 2013, included computer software, computer hardware, and vehicle costs as listed below:

Trisano Project for Community Health Services (\$62,500)

Maintenance Department: 2013 Chevrolet Silverado 3500 (\$40,503)

Information Technology (IT): NEXUS 7009 Bundle (\$238,020), Servers (\$135,541), VHF-BDA Antennas (\$76,430), Cisco Chassis (\$156,130)

Nursing: Refrigerators (\$50,345)

Southern Nevada Public Health Laboratory (SNPHL): LIMS Upgrade (\$193,568), 2013 Ford Escape (\$22,982)

Additional information on the District's capital assets can be found in Note 4 beginning on page 51 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 District has strengthened its financial status by cost cutting measures such as workers compensation self-insurance, initiating SNHD-wide personnel justification program of filling only essential vacant positions, and on-going evaluation of expenses where savings can be generated (e.g., travel). Although created as an independent governmental entity pursuant to Nevada Revised Statute (NRS) 439.361, SNHD has no taxing authority and must rely on 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 SNHD is faced with the following major budgetary issues:

Need to obtain financing for a new main building to replace the Valley View facility

Continued influx of disproportionate demand for public health services due to poor economic conditions

Need to maintain a reserve to respond effectively to a possible pandemic outbreak and other public health emergencies

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Reduced Federal funding

Reduced State funding

Low Property Values

There has been a marked decrease in Funding from the State of Nevada; the CPPW-Tobacco grant expired in March 2013, and the grant from CPPW-Obesity expired in June 2013.

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

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

Increased group insurance costs stemming from the implementation of Health Care Reform

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

At present, SNHD has the financial resources and capacity to maintain current service levels; however, there is anticipation that the fiscal 2014 and future fiscal periods will be challenging times in SNHD's financial landscape due to reduced funding and significant anticipated capital expenditures associated with locating a new building. SNHD will continue to work with staff to develop and update the business plan for the 2014-2015 periods.

The Unassigned Fund balance of the General Fund is \$20,157,560 as of June 30, 2013. A significant portion of this amount will be required to address the overarching budgetary challenges.

Request for Information

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

Southern Nevada Health District
Attention: Director of Administration
330 S. Valley View Blvd. P.O. Box 3902
Las Vegas, Nevada, 89127

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

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Basic Financial Statements

Government-Wide Financial Statements

SOUTHERN NEVADA HEALTH DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and equivalents, unrestricted	\$ 39,667,623	\$ 3,689,464	\$ 43,357,087
Cash and equivalents, restricted	102,470		102,470
Grants receivable	3,705,398	324,315	4,029,713
Accounts receivable	46,748		46,748
Contracts receivable	19,378		19,378
Prepaid items	375,804	86,436	462,240
Inventories	542,874		542,874
Capital assets, net of accumulated depreciation and amortization			
Land	2,059,765		2,059,765
Buildings	2,662,806		2,662,806
Improvements other than buildings	665,569	42,114	707,683
Furniture, fixtures and equipment	2,944,598	817,739	3,762,337
Vehicles	58,166	32,088	90,254
Total assets	<u>52,851,199</u>	<u>4,992,156</u>	<u>57,843,355</u>
LIABILITIES			
Accounts payable	1,506,548	63,029	1,569,577
Grants payable	196,852		196,852
Accrued expenses	1,518,271	57,547	1,575,818
Workers compensation self-insurance claims	180,223		180,223
Unearned revenue	1,244,212	3,080	1,247,292
Long-term liabilities, due within one year			
Compensated absences	4,088,833	144,252	4,233,085
Long-term liabilities, due in more than one year			
Compensated absences	2,725,888	118,024	2,843,912
Postemployment benefits other than pensions	12,420,874	388,863	12,809,737
Total liabilities	<u>23,881,701</u>	<u>774,795</u>	<u>24,656,496</u>
NET POSITION			
Net investment in capital assets	8,390,904	891,941	9,282,845
Unrestricted	20,578,594	3,325,420	23,904,014
Total net position	<u>\$ 28,969,498</u>	<u>\$ 4,217,361</u>	<u>\$ 33,186,859</u>

See notes to basic financial statements.

SOUTHERN NEVADA HEALTH DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

FUNCTION/PROGRAM	Program Revenues			Net (Expenses) Revenues and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
Public health							
Nursing							
Communicable diseases	\$ 8,052,327	\$ 365,208	\$ 4,280,549		\$ (3,406,570)		\$ (3,406,570)
General nursing administration	2,593,437	1,514			(2,591,923)		(2,591,923)
Immunizations	5,332,565	2,330,862	683,914		(2,317,789)		(2,317,789)
Women's health	2,860,198	232,097	2,368,771		(259,330)		(259,330)
Children's health	2,646,539	363,388	125,378		(2,157,773)		(2,157,773)
Indirect cost allocation	5,695,586				(5,695,586)		(5,695,586)
Total nursing	<u>27,180,652</u>	<u>3,293,069</u>	<u>7,458,612</u>		<u>(16,428,971)</u>		<u>(16,428,971)</u>
Environmental health							
Environmental health and sanitation	13,194,888	16,487,562			3,292,674		3,292,674
Waste management	2,364,731	1,307,729	590,885		(466,117)		(466,117)
Other environmental health programs	610,696	430,662	260,000		79,966		79,966
Indirect cost allocation	3,867,316				(3,867,316)		(3,867,316)
Total environmental health	<u>20,037,631</u>	<u>18,225,953</u>	<u>850,885</u>		<u>(960,793)</u>		<u>(960,793)</u>
Community health services							
Administration	1,641,676		1,003,023		(638,653)		(638,653)
Health education	3,012,037		2,524,240		(487,797)		(487,797)
Epidemiology	948,386				(948,386)		(948,386)
Public health preparedness	3,262,330	910	3,271,785		10,365		10,365
Emergency medical services	688,945	85,895			(603,050)		(603,050)
Indirect cost allocation	3,475,882				(3,475,882)		(3,475,882)
Total community health services	<u>13,029,256</u>	<u>86,805</u>	<u>6,799,048</u>		<u>(6,143,403)</u>		<u>(6,143,403)</u>
Administration							
General administration			415,596		415,596		415,596
Health cards	3,747,122	3,321,440			(425,682)		(425,682)
Disaster recovery	3,028,524				(3,028,524)		(3,028,524)
Vital records	1,492,597	2,440,044			947,447		947,447
Indirect cost allocation	1,679,282				(1,679,282)		(1,679,282)
Total administration	<u>9,947,525</u>	<u>5,761,484</u>	<u>415,596</u>		<u>(3,770,445)</u>		<u>(3,770,445)</u>
Total governmental activities	<u>70,195,064</u>	<u>27,367,311</u>	<u>15,524,141</u>		<u>(27,303,612)</u>		<u>(27,303,612)</u>

(Continued)

See notes to basic financial statements.

SOUTHERN NEVADA HEALTH DISTRICT

STATEMENT OF ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

	Program Revenues			Net (Expenses) Revenues and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-type activities							
Southern Nevada Public Health Laboratory	<u>3,485,617</u>		<u>1,757,402</u>			<u>(1,728,215)</u>	<u>(1,728,215)</u>
Total business-type activities	<u>3,485,617</u>		<u>1,757,402</u>			<u>(1,728,215)</u>	<u>(1,728,215)</u>
Total function/program	<u>\$ 73,680,681</u>	<u>\$ 27,367,311</u>	<u>\$ 17,281,543</u>	<u>\$</u>	<u>\$ (27,303,612)</u>	<u>(1,728,215)</u>	<u>(29,031,827)</u>
GENERAL REVENUES							
Property tax allocation					32,167,828		32,167,828
Unrestricted investment income					267,114	38,412	305,526
Miscellaneous					<u>2,000</u>		<u>2,000</u>
Total general revenues					<u>32,436,942</u>	<u>38,412</u>	<u>32,475,354</u>
Transfers					<u>(1,251,664)</u>	<u>1,251,664</u>	
CHANGE IN NET POSITION					3,881,666	(438,139)	3,443,527
NET POSITION, BEGINNING OF YEAR					<u>25,087,832</u>	<u>4,655,500</u>	<u>29,743,332</u>
NET POSITION, END OF YEAR					<u>\$ 28,969,498</u>	<u>\$ 4,217,361</u>	<u>\$ 33,186,859</u>

See notes to basic financial statements.

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Fund Financial Statements

SOUTHERN NEVADA HEALTH DISTRICT

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2013**

	<u>Capital Projects Funds</u>			Total Governmental Funds
	<u>General Fund</u>	<u>Bond Reserve</u>	<u>Capital Projects</u>	
ASSETS				
Cash and cash equivalents	\$ 20,817,429	\$ 11,313,465	\$ 6,569,441	\$ 38,700,335
Grants receivable	3,705,398			3,705,398
Accounts receivable, net	46,748			46,748
Contracts receivable	19,378			19,378
Inventories	542,874			542,874
Prepaid items	375,804			375,804
Total assets	<u>\$ 25,507,631</u>	<u>\$ 11,313,465</u>	<u>\$ 6,569,441</u>	<u>\$ 43,390,537</u>
LIABILITIES				
Accounts payable	\$ 1,472,058		\$ 34,490	\$ 1,506,548
Grants payable	196,852			196,852
Accrued expenses	1,518,271			1,518,271
Unearned revenue	1,244,212			1,244,212
Total liabilities	<u>4,431,393</u>		<u>34,490</u>	<u>4,465,883</u>
FUND BALANCES				
Nonspendable				
Inventories	542,874			542,874
Prepaid items	375,804			375,804
Restricted for				
Committed to				
Facility acquisition		11,313,465		11,313,465
Assigned to				
Capital improvements			6,534,951	6,534,951
Unassigned	20,157,560			20,157,560
Total fund balances	<u>21,076,238</u>	<u>11,313,465</u>	<u>6,534,951</u>	<u>38,924,654</u>
Total liabilities and fund balances	<u>\$ 25,507,631</u>	<u>\$ 11,313,465</u>	<u>\$ 6,569,441</u>	<u>\$ 43,390,537</u>

See notes to basic financial statements.

SOUTHERN NEVADA HEALTH DISTRICT

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
JUNE 30, 2013**

FUND BALANCES, GOVERNMENTAL FUNDS		\$ 38,924,654
Amounts reported in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources; and therefore, are not reported in governmental funds:		
Capital assets	\$ 26,368,222	
Less accumulated depreciation	<u>(17,977,318)</u>	8,390,904
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	(12,420,874)	
Compensated absences	<u>(6,814,721)</u>	(19,235,595)
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>889,535</u>	<u>889,535</u>
NET POSITION, GOVERNMENTAL ACTIVITIES		\$ <u>28,969,498</u>

SOUTHERN NEVADA HEALTH DISTRICT

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2013

	Capital Projects Funds			Total Governmental Funds
	General Fund	Bond Reserve	Capital Projects	
REVENUES				
Charges for services				
Title XIX Medicaid	\$ 484,388	\$	\$	\$ 484,388
Vital records, immunizations and other medical services	4,866,325			4,866,325
Regulatory services	21,614,151			21,614,151
Program contract services	383,310			383,310
Intergovernmental revenues				
Property tax allocation	32,167,828			32,167,828
State funding	643,646			643,646
Indirect federal grants	9,874,038			9,874,038
Direct federal grants	4,649,249			4,649,249
Contributions and donations	18,273			18,273
Interest income	107,506	92,764	58,391	258,661
Other	360,072			360,072
Total revenues	75,168,786	92,764	58,391	75,319,941
EXPENDITURES				
Current				
Public health				
Nursing	20,607,106			20,607,106
Environmental health	15,310,788			15,310,788
Community health services	9,214,932			9,214,932
Administration	21,008,563			21,008,563
Total current	66,141,389			66,141,389
Capital outlay				
Public health			1,131,572	1,131,572
Total expenditures	66,141,389		1,131,572	67,272,961
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	9,027,397	92,764	(1,073,181)	8,046,980
OTHER FINANCING SOURCES (USES)				
Transfers in			81,572	81,572
Transfers out	(1,333,236)			(1,333,236)
Total other financing sources (uses)	(1,333,236)		81,572	(1,251,664)
CHANGE IN FUND BALANCE	7,694,161	92,764	(991,609)	6,795,316
FUND BALANCE, BEGINNING OF YEAR	13,382,077	11,220,701	7,526,560	32,129,338
FUND BALANCE, END OF YEAR	\$ 21,076,238	\$ 11,313,465	\$ 6,534,951	\$ 38,924,654

See notes to basic financial statements.

SOUTHERN NEVADA HEALTH DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS	\$	6,795,316
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	\$ 1,097,079	
Less current year depreciation and loss on disposal capital assets	<u>(1,901,147)</u>	(804,068)
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	(2,596,804)	
Change in compensated absences	<u>478,769</u>	(2,118,035)
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>8,453</u>	<u>8,453</u>
CHANGE IN NET POSITION, GOVERNMENTAL ACTIVITIES	\$	<u>3,881,666</u>

SOUTHERN NEVADA HEALTH DISTRICT

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2013**

	Business-type Activities Southern Nevada Public Health Laboratory	Governmental Activities Insurance Liability Reserve
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,689,464	\$ 967,288
Grants receivable	324,315	
Prepaid items	86,436	
Restricted assets		
Cash and cash equivalents		102,470
Total current assets	4,100,215	1,069,758
Noncurrent assets		
Capital assets, net of accumulated depreciation and amortization		
Improvements other than buildings	42,114	
Furniture, fixtures and equipment	817,739	
Vehicles	32,088	
Total noncurrent assets	891,941	
Total assets	4,992,156	1,069,758
LIABILITIES		
Current liabilities		
Accounts payable	63,029	
Accrued expenses	57,547	
Workers compensation self-insurance claims		180,223
Unearned revenue	3,080	
Compensated absences	144,252	
Total current liabilities	267,908	180,223
Noncurrent liabilities		
Compensated absences	118,024	
Postemployment benefits other than pensions	388,863	
Total noncurrent liabilities	506,887	
Total liabilities	774,795	180,223
NET POSITION		
Net investment in capital assets		
Unrestricted	891,941	
	3,325,420	889,535
Total net position	\$ 4,217,361	\$ 889,535

See notes to basic financial statements.

SOUTHERN NEVADA HEALTH DISTRICT

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013**

	Business-type Activities	Governmental Activities
	Southern Nevada Public Health Laboratory	Insurance Liability Reserve
OPERATING EXPENSES		
Salaries and wages	\$ 1,274,851	\$
Employee benefits	548,490	
Services and supplies	625,246	
Depreciation and amortization	171,740	
Repairs and maintenance	148,026	
Indirect cost allocation	717,264	
Total operating expenses	3,485,617	
Operating loss	(3,485,617)	
NONOPERATING REVENUES		
Indirect federal grants	1,757,402	
Investment income	38,412	8,453
Total nonoperating revenues	1,795,814	8,453
Income (loss) before transfers	(1,689,803)	8,453
TRANSFERS		
Transfers in	1,251,664	
CHANGE IN NET POSITION	(438,139)	8,453
NET POSITION, BEGINNING OF YEAR	4,655,500	881,082
NET POSITION, END OF YEAR	\$ 4,217,361	\$ 889,535

See notes to basic financial statements.

SOUTHERN NEVADA HEALTH DISTRICT

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013**

	Business-type Activities	Governmental Activities
	Southern Nevada Public Health Laboratory	Insurance Liability Reserve
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash payments for goods and services	\$ (2,464,826)	\$ (28,804)
Cash payments for employee services	(1,252,152)	_____
Net cash used in operating activities	(3,716,978)	(28,804)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	1,251,664	_____
Intergovernmental revenues	1,425,047	_____
Net cash provided by noncapital financing activities	2,676,711	_____
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(216,550)	_____
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	38,412	8,453
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,218,405)	(20,351)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,907,869	1,090,109
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,689,464	\$ 1,069,758
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$ (3,485,617)	\$ _____
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	171,740	_____
(Gain)/loss on disposition of capital assets	15,179	_____
Decrease in operating assets		
Prepaid items	8,350	_____
Increase (decrease) in operating liabilities		
Accounts payable	(37,257)	_____
Accrued expenses	33,080	_____
Due to other funds	(534,725)	_____
Compensated absences	20,613	_____
Postemployment benefits other than pensions	91,659	_____
Self-insurance liability	_____	(28,804)
Total adjustments	(231,361)	(28,804)
Net cash used in operating activities	\$ (3,716,978)	\$ (28,804)

See notes to basic financial statements.

SOUTHERN NEVADA HEALTH DISTRICT

**FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2013**

	<u>Retiree Health Insurance</u>
ASSETS	
Cash and cash equivalents	\$ <u>430,061</u>
Total assets	<u>430,061</u>
LIABILITIES	
Due to others	<u>430,061</u>
Total liabilities	<u>430,061</u>
NET POSITION	<u>\$ <u> </u></u>

See notes to basic financial statements.

Notes to Basic Financial Statements

SOUTHERN NEVADA HEALTH DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies

Reporting Entity

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

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

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, defines the reporting entity as the primary government and those component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the organization's governing board, and either the ability of the primary government to impose its will on the organization or the possibility that the organization will provide a financial benefit to or impose a financial burden on the primary government. In addition to financial accountability, component units can be other organizations in which the economic resources received or held by that organization are entirely or almost entirely for the direct benefit of the primary government, the primary government is entitled to or has the ability to otherwise access a majority of the economic resources received or held by that organization and the resources to which the primary government is entitled or has the ability to otherwise access are significant to the primary government.

The District has complied with GASB Statement No. 61 by examining its position relative to other entities and has determined that there are no requirements that would cause the basic financial statements of the District to be included in any other entities' financial statements or comprehensive annual financial reports (CAFR). In addition, the District determined that there are no other entities, which are required to be included in the District's CAFR.

Basic Financial Statements

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

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Government-wide Financial Statements

The government-wide financial statements are made up of the statement of net position and the statement of activities. These statements include the aggregated financial information of the District as a whole, except for fiduciary activity. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees, charges for services, and grants. The effect of interfund activity has been removed from these statements.

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

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

Fund Financial Statements

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

The presentation emphasis in the fund financial statements is on major funds, for both governmental and enterprise funds. Major funds are determined based on minimum criteria set forth in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. Major individual governmental funds and major individual enterprise funds are required to be reported in separate columns on the fund financial statements. The District may also display other funds as major funds if it believes the presentation will provide useful information to the users of the financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered "measurable" when in the hands of the intermediary collecting governments and are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the current fiscal year end. The major revenue sources of the District include the property tax allocation from the County collected from various jurisdictions, regulatory revenue, fees for service and 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 District. In general, expenditures are recorded when liabilities are incurred, as under accrual accounting. The exception to this rule is that principal and interest on debt service, as well as liabilities related to compensated absences, postemployment benefits, and claims and judgments, are recorded when payment is due.

The District reports the following three major governmental funds:

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

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

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

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

The District reports the following major enterprise fund:

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

The District reports the following internal service fund:

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

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

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

The District reports the following fiduciary fund:

Retiree Health Insurance Fund. Accounts for the excess cost per employee per month funding that is derived from the difference between the actual cost of insurance and the per employee per month contract amount as required by the terms of the Collective Bargaining Agreement with the Service Employee International Union. These funds are then to be used to help fund retired employee costs in maintaining the group health insurance benefit.

Cash and Cash Equivalents

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

Receivables, Payables and Unearned Revenues

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 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. Any residual balances between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Inventories

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

Additionally, the District receives medical vaccines from the State of Nevada (the State) for use in the District's clinics, which are not included in the District's inventory since these vaccines remain the property of the State until they are administered. At June 30, 2013, the estimated value of such vaccines in the District's possession was \$1,394,252.

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.

Restricted Cash Equivalents

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

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Capital Assets

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

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

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 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 Benefit (Days)</u>
Less than one	10
One to eight	15
Eight to thirteen	18
More than thirteen	20

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

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

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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

Postemployment Benefits Other Than Pensions (OPEB)

In accordance with the transition rules of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the District elected to apply its measurement and recognition requirements on a prospective basis. The annual OPEB cost reported in the accompanying financial statements is equal to the annual required contribution (ARC) of the District, calculated by using an actuarial valuation based upon the same methods and assumptions applied in determining the plan's funding requirements. At June 30, 2013, the net OPEB obligation is determined by adding the ARC to the net OPEB obligation at the beginning of the year, and deducting any contributions to the plan during the year.

Fund Balance and Net Position Classifications

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

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

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

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

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

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

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

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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

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

It is the District's policy to expend restricted resources first and use unrestricted resources when the restricted resources have been depleted, except in the case of the certificate of deposit for self-insurance, which is statutorily restricted. It is also the District's policy to maintain a minimum 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 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 and amendments made during the year ended June 30, 2013, if any, were as prescribed by law.

The budget approval process is summarized as follows:

At the March Board of Health meeting, management of the District submits a tentative budget for the fiscal year commencing the following July. The operating budget includes proposed expenditures/expenses and the means of financing them.

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

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

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

NRS allow appropriations to be transferred within or among any functions or programs within a fund without an increase in total appropriations. If it becomes necessary during the course of the year to change any of the departmental budgets, transfers are initiated by department heads and approved by the appropriate administrator. Transfers within program or function classifications can be made with appropriate administrator approval. The Board of Health is advised of transfers between funds, program, or function classifications and the transfers are recorded in the official Board of Health minutes.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds.

Per NRS 354.626, actual expenditures may not exceed budgetary appropriations of the public health function of the general fund or total appropriations of the individual capital projects funds. The sum of operating and nonoperating expenses in the enterprise and internal service funds may not exceed total appropriations. At June 30, 2013, the District had no exceptions to this statute.

New Accounting Pronouncements

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

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

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

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, effective for periods beginning after December 15, 2013. The objective of this statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The term government combinations is used in this statement to refer to a variety of arrangements including mergers and acquisitions. Government combinations also include transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. Transfers of operations may be present in shared service arrangements, reorganizations, redistricting, annexations, and arrangements in which an operation is transferred to a new government created to provide those services. Management has not yet completed its assessment of this statement.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, effective for periods beginning after June 15, 2013. The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees and to enhance comparability of financial statements among such governments by requiring consistent reporting by those governments. This statement also will enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees. This statement also will augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. Management has not yet completed its assessment of this statement.

Note 3. Cash and Cash Equivalents

Deposits

The District's deposit policies are governed by the NRS. Deposits are carried at cost, which approximates market value and are maintained with insured banks in the State. At June 30, 2013, the carrying amount of the District's deposits was \$120,571 and the bank balance was \$120,754. The entire balance was covered by the Federal Deposit Insurance Corporation (FDIC) and therefore is not subject to any custodial credit risk.

Clark County Investment Pool

The District participates in Clark County's investment pool. At June 30, 2013, all rated investments in the Clark County investment pool were in compliance with the rating criteria listed below. Pooled funds are invested according to the NRS which are limited to the following (the District has no investment policy that would further limit the County's investment choices):

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Obligations of the U.S. Treasury and U.S. agencies in which the maturity dates do not extend more than 10 years from the date of purchase.

Negotiable certificates of deposit issued by commercial banks or insured savings and loan associations (those over \$100,000 must be fully collateralized) not to exceed 1 year maturity from date of purchase with minimum ratings by at least two rating services of "B" by Thomson Bank Watch or "A-1" by Standard & Poor's or "P-1" by Moody's.

Notes, bonds and other unconditional obligations issued by corporations organized and operating in the United States. The obligations must be purchased from a registered broker/dealer. At the time of purchase the obligations must have a remaining term to maturity of no more than 5 years, are rated by a nationally recognized rating service as "A" or its equivalent, or better and cannot exceed 20% of the investment portfolio.

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

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

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

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

Money Market Mutual Funds which are rated "AAA" or its equivalent and invest only in securities issued by the Federal Government, U.S. agencies or repurchase agreements fully collateralized by such securities not to exceed 5 years maturity and does not exceed 20% of the portfolio.

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

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

The State of Nevada's Local Government Investment Pool.

Custodial Credit Risk is the risk that in the event a financial institution or counterparty fails, the District would not be able to recover the value of its deposits and investments. As of June 30, 2013, 100% of the District's cash equivalents are held in the Clark County Investment Pool. The County Investment Policy states that securities purchased by the County shall be delivered against payment (delivery vs. payment) and held in a custodial safekeeping account with the trust department of a third party bank insured by the FDIC and designated by the County Treasurer for this purpose in accordance with NRS 355.172. A custody agreement between the bank and the County is required before execution of any transactions. County public deposits are in participating depositories of the Nevada Collateral Pool (the Pool).

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

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At June 30, 2013, all of the District's investments are held by the County Treasurer and are invested in authorized investments in accordance with NRS 350.659, 355.165, 355.170, and 356.120. The limitations on amounts invested are covered on the aforementioned type of security.

As of June 30, 2013, the carrying amount and market value of investments in the Clark County Investment Pool was \$43,758,641, which includes \$430,061 in the retiree health insurance fiduciary fund that is not included in the government-wide statement of net position.

Combined Cash and Cash Equivalents

At June 30, 2013, the District's cash, cash equivalents and investments (including restricted amounts) were as follows:

Clark County Investment Pool	\$ 43,328,580
Cash in bank	18,101
Cash on hand	10,406
Certificate of deposit	<u>102,470</u>
Total cash and cash equivalents	\$ <u>43,459,557</u>

At June 30, 2013, total cash, cash equivalents and investments (including restricted amounts) were presented in the District's financial statements as follows:

Governmental funds	\$ 39,770,093
Proprietary funds	3,689,464
Fiduciary funds	<u>430,061</u>
Total cash and cash equivalents	\$ <u>43,889,618</u>

Note 4. Capital Assets

Changes in capital assets for the year ended June 30, 2013, were as follows:

	<u>Balance July 1, 2012</u>	<u>Increases and transfers *</u>	<u>Decreases and transfers *</u>	<u>Balance June 30, 2013</u>
Governmental activities				
Capital assets not being depreciated or amortized				
Land	\$ <u>2,059,765</u>	\$ _____	\$ _____	\$ <u>2,059,765</u>

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Increases and transfers *	Decreases and transfers *	Balance June 30, 2013
Capital assets being depreciated or amortized				
Buildings	\$ 4,697,563	\$	\$	\$ 4,697,563
Improvements other than buildings	9,221,653	28,565	(238,668)	9,011,550
Furniture, fixtures and equipment	10,066,815	1,028,011	(1,206,386)	9,888,440
Vehicles	<u>670,401</u>	<u>40,503</u>		<u>710,904</u>
Total capital assets being depreciated or amortized	<u>24,656,432</u>	<u>1,097,079</u>	<u>(1,445,054)</u>	<u>24,308,457</u>
Accumulated depreciation and amortization				
Buildings	(1,940,806)	(93,951)		(2,034,757)
Improvements other than buildings	(8,153,298)	(372,968)	180,285	(8,345,981)
Furniture, fixtures and equipment	(6,795,979)	(927,923)	780,060	(6,943,842)
Vehicles	<u>(631,143)</u>	<u>(21,595)</u>		<u>(652,738)</u>
Total accumulated depreciation and amortization	<u>(17,521,226)</u>	<u>(1,416,437)</u>	<u>960,345</u>	<u>(17,977,318)</u>
Total capital assets being depreciated or amortized, net	<u>7,135,206</u>	<u>(319,358)</u>	<u>(484,709)</u>	<u>6,331,139</u>
Total governmental activities	<u>\$ 9,194,971</u>	<u>\$ (319,358)</u>	<u>\$ (484,709)</u>	<u>\$ 8,390,904</u>

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

	Balance July 1, 2012	Increases and transfers *	Decreases and transfers *	Balance June 30, 2013
Business-type activities				
Capital assets being depreciated or amortized				
Improvements other than buildings	\$ 96,241	\$	\$	\$ 96,241
Furniture, fixtures and equipment	2,268,305	193,568	(49,002)	2,412,871
Vehicles	<u>17,990</u>	<u>22,982</u>		<u>40,972</u>
Total capital assets being depreciated or amortized	<u>2,382,536</u>	<u>216,550</u>	<u>(49,002)</u>	<u>2,550,084</u>
Accumulated depreciation and amortization				
Improvements other than buildings	(47,161)	(6,966)		(54,127)
Furniture, fixtures and equipment	(1,467,818)	(161,137)	33,823	(1,595,132)
Vehicles	<u>(5,247)</u>	<u>(3,637)</u>		<u>(8,884)</u>
Total accumulated depreciation and amortization	<u>(1,520,226)</u>	<u>(171,740)</u>	<u>33,823</u>	<u>(1,658,143)</u>
Total capital assets being depreciated or amortized, net	<u>862,310</u>	<u>44,810</u>	<u>(15,179)</u>	<u>891,941</u>
Total business-type activities	<u>\$ 862,310</u>	<u>\$ 44,810</u>	<u>\$ (15,179)</u>	<u>\$ 891,941</u>

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

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

For the year ended June 30, 2013, charges, by function and program, for depreciation expense were as follows:

Governmental activities		
Public health		
Nursing		
Communicable diseases	\$	8,614
General nursing administration		27,266
Immunizations		6,078
Children's health		423
Indirect cost allocation		495,537
Environmental health		
Environmental health and sanitation		33,961
Waste management		9,236
Indirect cost allocation		336,471
Community health services		
Health education		6,271
Epidemiology		939
Public health preparedness		27,274
Indirect cost allocation		302,415
Administration		
Health cards		11,112
Vital records		4,738
Indirect cost allocation		<u>146,102</u>
	\$	<u>1,416,437</u>
Total depreciation expense, governmental activities		
Business-type activities		
Southern Nevada Public Health Laboratory	\$	<u>171,740</u>

Note 5. Interfund Transfers

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

In the fund financial statements, interfund transfers are shown as other financial sources or uses. For the year ended June 30, 2013, transfers between funds are as follows:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General Fund	Capital Projects Capital Projects Fund	\$ 81,572
	Southern Nevada Public Health Laboratory	
	Enterprise Fund	<u>1,251,664</u>
		\$ <u>1,333,236</u>

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Note 6. Leases

Operating Leases

The District has certain non-cancelable operating lease agreements (subject to the requirements of NRS 244.230 and 354.626) for its facilities. Such leases expire at various times through December 15, 2021. For the year ended June 30, 2013, rent expense and expenditures totaled \$3,283,639. At year end, the District's future minimum lease payments under these non-cancelable operating leases were as follows:

For the Year Ended June 30,

2014		\$	3,171,583
2015			2,890,308
2016			1,353,556
2017			404,655
2018			412,213
2019 - 2023			<u>1,474,187</u>
		<u>\$</u>	<u>9,706,502</u>

Note 7. Long-term Liabilities

The District's long-term liabilities consist of compensated absences and postemployment benefits other than pensions (OPEB) obligations.

Long-term liabilities activity for the year ended June 30, 2013, was as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities					
Compensated absences	\$ 7,293,490	\$ 4,390,047	\$ (4,868,816)	\$ 6,814,721	\$ 4,088,833
Postemployment benefits other than pensions	<u>9,824,070</u>	<u>2,596,804</u>	<u> </u>	<u>12,420,874</u>	<u> </u>
Total governmental activities	<u>17,117,560</u>	<u>6,986,851</u>	<u>(4,868,816)</u>	<u>19,235,595</u>	<u>4,088,833</u>
Business-type activities					
Compensated absences	241,663	152,746	(132,133)	262,276	144,252
Postemployment benefits other than pensions	<u>297,204</u>	<u>91,659</u>	<u> </u>	<u>388,863</u>	<u> </u>
Total business-type activities	<u>538,867</u>	<u>244,405</u>	<u>(132,133)</u>	<u>651,139</u>	<u>144,252</u>
Total long-term liabilities	<u>\$ 17,656,427</u>	<u>\$ 7,231,256</u>	<u>\$ (5,000,949)</u>	<u>\$ 19,886,734</u>	<u>\$ 4,233,085</u>

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Compensated absences and postemployment benefits other than pensions typically have been liquidated by the general and enterprise funds.

Note 8. Commitments and Contingencies

Risk Management

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

The District participates in the County's Cooperative Agreement for Coverage of Liability Claims and Related Expenses. Under this agreement, the District pays an annual premium to the Clark County Insurance Pool Internal Service Fund for its general insurance coverage. The agreement for formation of the insurance pool fund provides that the fund will be self-sustaining through member premiums. Each member is responsible for a deductible for each claim submitted. The District's deductible is \$10,000 per occurrence. The stop-loss provision is \$2,000,000 per occurrence, accident, or loss. Coverage from private insurers is maintained for losses in excess of the stop loss amount up to \$20,000,000. An independent claims administrator performs all claims-handling procedures. The insurance pool fund's two umbrella policies provide further coverage to a maximum aggregate amount of \$10,000,000. The District remains adequately covered for losses and no settlements have reached amounts in excess of the insurance coverage during the past three years.

On July 1, 2005, the District established an internal service fund to provide for self-insured workers compensation claims. Additionally, the District has excess workers compensation insurance up to \$1,000,000 per occurrence, with retention of \$400,000 per occurrence. A liability for a claim is established if information indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. As of June 30, 2013, the estimate of the worker's compensation claims payable was determined by the District with the assistance of an independent actuarial study and is reflected in the financial statements of the insurance liability reserve fund.

For the fiscal years ended June 30, 2013, 2012 and 2011, changes in claims liability amounts were as follows:

	June 30, 2013	June 30, 2012	June 30, 2011
Claims liability, beginning of year	\$ 209,027	\$ 297,855	\$ 317,148
Claims incurred and changes in estimate	11,745	13,804	4,365
Claims paid	(40,553)	(102,632)	(23,658)
Claims liability, end of year	\$ 180,219	\$ 209,027	\$ 297,855

At June 30, 2013, the District had a certificate of deposit with a balance of \$102,470, which is required for the District's workers compensation self-insurance program.

The United States recently experienced a widespread recession accompanied by declines in residential real estate sales, mortgage lending and related construction activity, higher energy costs and other inflationary trends, and weakness in the commercial and investment banking systems, and is engaged in a war. The near- and long-term impact of these factors on the State's economy and the District's operating activities cannot be predicted at this time but may be substantial.

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Litigation

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

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

Pursuant to the settlement of litigation with the County in fiscal 2013, the District is legally entitled to \$2,890,000 which as of the end of the fiscal year has yet to be collected. Collectibility of this amount is contingent upon the outcome of ongoing negotiations between the parties, and therefore no receivable has been recorded in connection therewith.

Note 9. Defined Benefit Pension Plan

The District contributes to a cost sharing, multiple employer, defined benefit plan administered by the Public Employees' Retirement System of the State of Nevada (PERS). PERS provides retirement benefits, disability benefits and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. NRS 286 establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS. The District does not exercise any control over PERS. NRS 286.110 states, "Respective participating public employers are not liable for any obligation of the system."

PERS financial statements are available by calling or writing to:

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

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

Contribution rates and amounts contributed for the previous three years were as follows:

<u>For the Year Ended June 30.</u>	<u>Contribution Rate</u>	<u>Required Contribution and Amount Contributed</u>
2011	21.50 %	\$ 7,575,933
2012	23.75 %	8,676,560
2013	23.75 %	8,367,769

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Note 10. Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

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

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

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

The Self-funded and PEBP reports may be obtained by writing or calling the following addresses or numbers:

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

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

Funding Policy and Annual OPEB Cost

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

For the year ended June 30, 2013, the District paid a maximum of \$515 per month towards employee premiums for active employee coverage. In addition, the District pays a portion of the premium for dependents up to a maximum of \$915 for employee and family. Retirees in the Self-Funded Plan receive no direct subsidy from the District. Under state law, retiree loss experience is pooled with active loss experience for the purpose of setting rates. The difference between the true claims cost and the blended premium is an implicit rate subsidy that creates an OPEB cost for the District.

The District is required to pay the PEBP an explicit subsidy, based on years of service, for retirees who are enrolled in this plan. During fiscal 2013, retirees were eligible for a \$118 per month subsidy after five years of service with a Nevada state or local government entity. The maximum subsidy of \$650 is earned after 20 years of combined service with any eligible entity. There are incremental increases for years of service between five and twenty years. The subsidy is set, and may be amended, by the State Legislature.

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

The annual OPEB cost for each plan is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

At June 30, 2013, the District's OPEB cost and related plan information were as follows:

	<u>Public Employee Benefit Program</u>	<u>Clark County Self-funded Health Benefit Plan</u>
Contribution rate	Set by State Legislature	Actuarially determined, premium sharing determined by union contracts
Southern Nevada Health District	\$118 per month after 5 years of service up to \$650 per month after 20 years	Implicit subsidy through blending of active and retiree loss experience
Plan members	From \$0 to \$2,008, depending on level of coverage and subsidy earned	From \$402 to \$1,381 per month for family coverage, depending on plan

The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation:

	<u>Public Employee Benefit Program</u>	<u>Clark County Self-funded Health Benefit Plan</u>	<u>Total</u>
Annual required contribution (ARC)	\$ 487,499	\$ 2,958,231	\$ 3,445,730
Interest on net OPEB obligation	57,278	347,573	404,851
Adjustment to ARC	<u>(82,810)</u>	<u>(502,504)</u>	<u>(585,314)</u>
Annual OPEB cost	461,967	2,803,300	3,265,267
OPEB contributions made	<u>(576,804)</u>	<u></u>	<u>(576,804)</u>
Increase (decrease) in net OPEB obligation	(114,837)	2,803,300	2,688,463
Net OPEB obligation, beginning of year	<u>189,463</u>	<u>9,931,811</u>	<u>10,121,274</u>
Net OPEB obligation, end of year	<u>\$ 74,626</u>	<u>\$ 12,735,111</u>	<u>\$ 12,809,737</u>

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percent of Covered Payroll
Public Employee Benefit Program July 1, 2012	N/A ¹ \$	5,992,330 \$	5,992,330	0.0 %	N/A ²	N/A ²
Clark County Self-funded Health Benefit Plan July 1, 2012	N/A ¹	16,260,740	16,260,740	0.0 %	36,534,795	44.5 %

1. No assets have been placed in trust.

2. The Public Employee Benefit Program is a closed plan; and therefore, there are no current covered employees.

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

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

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

Annual OPEB cost, employer contributions, the percentage of annual cost contributed to the plan and the net OPEB obligation (prepayment) for the years ended June 30, 2013, 2012 and 2011 were as follows:

For the Year Ended June 30,	Annual OPEB Cost	OPEB Contributions Made	Percentage Contributed	Net OPEB Obligation (Prepayment)
Public Employee Benefit Program				
2011	\$ 570,587	\$ 453,144	79.4 %	\$ (34,236)
2012	561,667	337,967	60.2 %	189,463
2013	461,967	576,804	124.9 %	74,626
Clark County Self-funded Health Benefit Plan				
2011	3,105,873		0.0 %	6,874,489
2012	3,057,321		0.0 %	9,931,811
2013	2,803,300		0.0 %	12,735,111

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Actuarial Methods and Assumptions

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

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

	Public Employee Benefit Program	Clark County Self-funded Health Benefit Plan
Actuarial valuation date	July 1, 2012	July 1, 2012
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar amount, open 30 years	Level dollar amount, open 30 years
Amortization period	30 years	30 years
Asset valuation method	No assets in trust	No assets in trust
Actuarial assumptions		
Investment rate of return	4%	4%
Projected salary increases	N/A ¹	N/A

¹ The Public Employee Benefit Program is a closed plan; and therefore, there are no current covered employees.

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

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**REQUIRED
SUPPLEMENTARY
INFORMATION**



SOUTHERN NEVADA HEALTH DISTRICT

**POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
Public Employee Benefit Program						
July 1, 2008	N/A ¹	\$ 3,550,918	\$ 3,550,918	0.0 %	\$	DIV/0 %
July 1, 2010	N/A ¹	9,110,069	9,110,069	0.0 %	N/A ²	N/A ²
July 1, 2012	N/A ¹	5,992,330	5,992,330	0.0 %	N/A ²	N/A ²
Clark County Self-funded Health Benefit Plan						
July 1, 2008	N/A ¹	17,989,082	17,989,082	0.0 %	32,879,990	54.7 %
July 1, 2010	N/A ¹	20,455,969	20,455,969	0.0 %	36,149,066	56.6 %
July 1, 2012	N/A ¹	16,260,740	16,260,740	0.0 %	36,534,795	44.5 %

1. No assets have been placed in trust.

2. The Public Employee Benefit Program is a closed plan; and therefore, there are no current covered employees.

SOUTHERN NEVADA HEALTH DISTRICT

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Charges for services				
Title XIX Medicaid	\$ 588,895	\$ 588,895	\$ 484,388	\$ (104,507)
Vital records, immunizations and other medical services	5,458,740	5,458,740	4,866,325	(592,415)
Regulatory services	22,676,666	22,676,666	21,614,151	(1,062,515)
Program contract services	583,866	583,866	383,310	(200,556)
Intergovernmental revenues				
Property tax allocation	17,970,540	17,973,540	32,167,828	14,194,288
State funding	400,000	400,000	643,646	243,646
Indirect federal grants	9,412,091	9,412,091	9,874,038	461,947
Direct federal grants	3,548,339	3,548,339	4,649,249	1,100,910
Contributions and donations	6,355	6,355	18,273	11,918
Interest income	350,000	350,000	107,506	(242,494)
Other	8,969	8,969	360,072	351,103
Total revenues	61,004,461	61,007,461	75,168,786	14,161,325
EXPENDITURES				
Public health				
Nursing				
Salaries and wages	12,026,617	12,026,617	11,479,408	547,209
Employee benefits	4,531,821	4,531,821	4,048,915	482,906
Services and supplies	5,467,245	5,587,245	5,078,783	508,462
Total nursing	22,025,683	22,145,683	20,607,106	1,538,577
Environmental health				
Salaries and wages	11,192,743	11,192,743	10,379,778	812,965
Employee benefits	4,187,512	4,187,512	3,595,202	592,310
Services and supplies	1,306,751	1,306,751	1,335,808	(29,057)
Total environmental health	16,687,006	16,687,006	15,310,788	1,376,218
Community health services				
Salaries and wages	5,239,532	5,239,532	4,580,846	658,686
Employee benefits	1,974,147	1,974,147	1,547,758	426,389
Services and supplies	2,416,867	2,416,867	3,086,328	(669,461)
Total community health services	9,630,546	9,630,546	9,214,932	415,614
Administration				
Salaries and wages	10,588,384	10,770,834	9,358,454	1,412,380
Employee benefits	3,984,183	4,041,733	3,550,990	490,743
Services and supplies	5,841,808	7,378,858	8,099,119	(720,261)
Total administration	20,414,375	22,191,425	21,008,563	1,182,862
Total public health	68,757,610	70,654,660	66,141,389	4,513,271
Total expenditures	68,757,610	70,654,660	66,141,389	4,513,271
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,753,149)	(9,647,199)	9,027,397	18,674,596
OTHER FINANCING USES				
Transfers out	(2,809,558)	(2,809,772)	(1,333,236)	1,476,536
CHANGE IN FUND BALANCE	(10,562,707)	(12,456,971)	7,694,161	20,151,132
FUND BALANCE, BEGINNING OF YEAR	19,995,254	20,157,249	13,382,077	(6,775,172)
FUND BALANCE, END OF YEAR	\$ 9,432,547	\$ 7,700,278	\$ 21,076,238	\$ 13,375,960

SOUTHERN NEVADA HEALTH DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2013

Note 1. Postemployment Benefits Other Than Pensions

For the year ended June 30, 2013, no significant events occurred that would have affected; and therefore, would have changed the benefit provision, size or composition of those covered by the postemployment benefit plans, or the actuarial methods and assumptions used in the actuarial valuation reports dated July 1, 2012, July 1, 2012 and July 1, 2008.

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

Additional information related to postemployment benefits other than pensions can be found in Note 10 to the basic financial statements.

Note 2. Budget Information

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

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

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**OTHER SUPPLEMENTARY
INFORMATION**



Major Governmental Funds

SOUTHERN NEVADA HEALTH DISTRICT

MAJOR CAPITAL PROJECTS FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

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

**BOND RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Interest income	\$ <u>140,000</u>	\$ <u>140,000</u>	\$ <u>92,764</u>	\$ <u>(47,236)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>140,000</u>	<u>140,000</u>	<u>92,764</u>	<u>(47,236)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>1,283,097</u>	<u>1,283,311</u>		<u>(1,283,311)</u>
CHANGE IN FUND BALANCE	1,423,097	1,423,311	92,764	(1,330,547)
FUND BALANCE, BEGINNING OF YEAR	<u>12,210,971</u>	<u>11,198,663</u>	<u>11,220,701</u>	<u>22,038</u>
FUND BALANCE, END OF YEAR	<u>\$ 13,634,068</u>	<u>\$ 12,621,974</u>	<u>\$ 11,313,465</u>	<u>\$ (1,308,509)</u>

SOUTHERN NEVADA HEALTH DISTRICT

**CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Interest income	\$ 55,000	\$ 55,000	\$ 58,391	\$ 3,391
EXPENDITURES				
Public health				
Administration				
Capital outlay	<u>1,526,461</u>	<u>1,526,461</u>	<u>1,131,572</u>	<u>394,889</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(1,471,461)</u>	<u>(1,471,461)</u>	<u>(1,073,181)</u>	<u>398,280</u>
OTHER FINANCING USES				
Transfers in	<u>1,526,461</u>	<u>1,526,461</u>	<u>81,572</u>	<u>(1,444,889)</u>
CHANGE IN FUND BALANCE	55,000	55,000	(991,609)	(1,046,609)
FUND BALANCE, BEGINNING OF YEAR	<u>5,878,147</u>	<u>5,878,147</u>	<u>7,526,560</u>	<u>1,648,413</u>
FUND BALANCE, END OF YEAR	<u>\$ 5,933,147</u>	<u>\$ 5,933,147</u>	<u>\$ 6,534,951</u>	<u>\$ 601,804</u>

Proprietary Funds

SOUTHERN NEVADA HEALTH DISTRICT

MAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

Enterprise funds are used to account for activities for which a user fee is charged for goods or services.

Southern Nevada Public Health Laboratory

Accounts for various testing and analytical services provided to the District, outside government entities and private providers.

SOUTHERN NEVADA HEALTH DISTRICT

**SOUTHERN NEVADA PUBLIC HEALTH LABORATORY ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING EXPENSES				
Salaries and wages	\$ 1,270,012	\$ 1,270,012	\$ 1,274,851	\$ (4,839)
Employee benefits	479,429	479,429	548,490	(69,061)
Services and supplies	663,695	663,695	625,246	38,449
Depreciation and amortization	281,000	281,000	171,740	109,260
Repairs and maintenance	155,000	155,000	148,026	6,974
Indirect cost allocation			717,264	(717,264)
Total operating expenses	<u>2,849,136</u>	<u>2,849,136</u>	<u>3,485,617</u>	<u>(636,481)</u>
Operating loss	<u>(2,849,136)</u>	<u>(2,849,136)</u>	<u>(3,485,617)</u>	<u>(636,481)</u>
NONOPERATING REVENUES				
Indirect federal grants	913,691	913,691	1,757,402	843,711
Investment income	68,000	68,000	38,412	(29,588)
Total nonoperating revenues	<u>981,691</u>	<u>981,691</u>	<u>1,795,814</u>	<u>814,123</u>
Loss before transfers	<u>(1,867,445)</u>	<u>(1,867,445)</u>	<u>(1,689,803)</u>	<u>177,642</u>
TRANSFERS				
Transfers in			1,251,664	1,251,664
CHANGE IN NET POSITION	<u>\$ (1,867,445)</u>	<u>\$ (1,867,445)</u>	<u>(438,139)</u>	<u>\$ 1,429,306</u>
NET POSITION, BEGINNING OF YEAR			4,655,500	
NET POSITION, END OF YEAR			<u>\$ 4,217,361</u>	

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SOUTHERN NEVADA HEALTH DISTRICT

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost reimbursement basis.

Insurance Liability Reserve

Accounts for costs associated with the District's self-funded workers compensation insurance.

SOUTHERN NEVADA HEALTH DISTRICT

**INSURANCE LIABILITY RESERVE INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING EXPENSES				
Workers compensation self-insurance claims	\$ <u>200,000</u>	\$ <u>200,000</u>	\$ _____	\$ <u>200,000</u>
Operating loss	<u>(200,000)</u>	<u>(200,000)</u>	_____	<u>200,000</u>
NONOPERATING REVENUES				
Investment income	<u>9,300</u>	<u>9,300</u>	<u>8,453</u>	<u>(847)</u>
CHANGE IN NET POSITION	<u>\$ (190,700)</u>	<u>\$ (190,700)</u>	8,453	<u>\$ 199,153</u>
NET POSITION, BEGINNING OF YEAR			<u>881,082</u>	
NET POSITION, END OF YEAR			<u>\$ 889,535</u>	

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Fiduciary Funds	

SOUTHERN NEVADA HEALTH DISTRICT

AGENCY FUND

FOR THE YEAR ENDED JUNE 30, 2013

Agency funds are used to account for assets held as an agent for individuals, private organizations, other governments or other funds.

Retiree Health Insurance

Accounts for the excess cost per employee per month funding that is derived from the difference between the actual cost of insurance and the per employee per month contract amount as required by the terms of the Collective Bargaining Agreement with the Service Employee International Union. These funds are then to be used to help fund retired employee costs in maintaining the group health insurance benefit.

SOUTHERN NEVADA HEALTH DISTRICT

**AGENCY FUND
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
RETIREE HEALTH INSURANCE				
ASSETS				
Cash and cash equivalents	\$ <u>419,779</u>	\$ <u>10,282</u>	\$ _____	\$ <u>430,061</u>
Total assets	\$ <u>419,779</u>	\$ <u>10,282</u>	\$ _____	\$ <u>430,061</u>
LIABILITIES				
Due to others	\$ <u>419,779</u>	\$ <u>10,282</u>	\$ _____	\$ <u>430,061</u>
Total liabilities	\$ <u>419,779</u>	\$ <u>10,282</u>	\$ _____	\$ <u>430,061</u>

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Capital Assets

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SOUTHERN NEVADA HEALTH DISTRICT

SCHEDULE OF GOVERNMENTAL FUNDS CAPITAL ASSETS - BY SOURCE

JUNE 30, 2013

GOVERNMENTAL FUNDS CAPITAL ASSETS

Land	\$ 2,059,765
Buildings	4,697,563
Improvements other than buildings	9,011,550
Furniture, fixtures and equipment	9,888,440
Vehicles	<u>710,904</u>

Total governmental funds capital assets \$ 26,368,222

INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS - BY SOURCE

General fund \$ 26,368,222

SOUTHERN NEVADA HEALTH DISTRICT

**SCHEDULE OF GOVERNMENTAL FUNDS CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
JUNE 30, 2013**

	<u>Land</u>	<u>Buildings</u>	<u>Improvements other than buildings</u>	<u>Furniture, fixtures and equipment</u>	<u>Vehicles</u>	<u>Total</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS						
Public health						
Nursing	\$	\$	\$ 36,018	\$ 1,492,183		\$ 1,528,201
Environmental health			8,568	1,398,362		1,406,930
Community health services			78,262	848,970		927,232
Other	<u>2,059,765</u>	<u>4,697,563</u>	<u>8,888,702</u>	<u>6,148,925</u>	<u>710,904</u>	<u>22,505,859</u>
Total governmental funds capital assets	<u>\$ 2,059,765</u>	<u>\$ 4,697,563</u>	<u>\$ 9,011,550</u>	<u>\$ 9,888,440</u>	<u>\$ 710,904</u>	<u>\$ 26,368,222</u>

SOUTHERN NEVADA HEALTH DISTRICT

**SCHEDULE OF CHANGES IN GOVERNMENTAL FUNDS CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2013**

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
GOVERNMENTAL FUNDS CAPITAL ASSETS				
Public health				
Nursing	\$ 1,754,975	\$ 55,343	\$ (282,117)	\$ 1,528,201
Environmental health	1,788,428	13,999	(395,497)	1,406,930
Community health services	1,025,536	62,500	(160,804)	927,232
Other	<u>22,147,258</u>	<u>965,237</u>	<u>(606,636)</u>	<u>22,505,859</u>
Total governmental funds capital assets	<u>\$ 26,716,197</u>	<u>\$ 1,097,079</u>	<u>\$ (1,445,054)</u>	<u>\$ 26,368,222</u>

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**INDEPENDENT AUDITOR'S
REPORT ON INTERNAL
CONTROL AND COMPLIANCE**



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

Board of Health
Southern Nevada Health District
Las Vegas, Nevada

We have audited, in accordance with the 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 the Southern Nevada Health District (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 18, 2013.

Internal Control over Financial Reporting. In planning and performing our audit of the basic financial statements, we considered the 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 basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 District's basic financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2013 - 001 through 2013 - 002, to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2013 - 003 to be a significant deficiency.

Compliance and Other Matters. As part of obtaining reasonable assurance about whether the District's basic financial statements are free 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 basic financial statement amounts, including whether the funds established by the District, as listed in Nevada Revised Statutes (NRS) 354.624 (5)(a)(1 through 5), complied with the express purposes required by NRS 354.6241. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of

our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's Responses to Findings. The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

We noted certain matters that we reported to management of the District in a separate letter dated November 18, 2013.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Percy Bowler Taylor".

Las Vegas, Nevada
November 18, 2013



STATISTICAL SECTION



SOUTHERN NEVADA HEALTH DISTRICT

STATISTICAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2013

Financial Trends

The following tables contain financial trend information to enable the reader to understand how financial performance has changed over time.

- Net Position by Component
- Changes in Net Position
- Fund Balances, Governmental Funds
- Changes in Fund Balances, Governmental Funds

Revenue Capacity

The following tables contain revenue capacity information to enable the reader to assess the most significant local revenue source.

- Assessed and Estimated Actual Value of Taxable Property
- Property Tax Rates - Direct and Overlapping Governments
- Principal Tax Payers
- Property Tax Levies and Collections - All Governments

Demographic and Economic Information

The following tables contain demographic and economic information to enable the reader to understand the environment within which financial activities take place.

- Demographic and Economic Statistics
- Principal Employers in Clark County

Operating Information

The following tables contain operating information to enable the reader to understand how the information contained in the comprehensive annual financial report relates to services provided and activities performed.

- Full-time Equivalent Employees by Function and Program
- Operating Indicators by Function and Program
- Capital Assets by Function and Program

SOUTHERN NEVADA HEALTH DISTRICT

NET POSITION BY COMPONENT¹ LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
Governmental activities										
Net investment in capital assets	\$ 14,626,727	\$ 14,454,028	\$ 13,277,235	\$ 12,740,560	\$ 11,723,864	\$ 10,905,724	\$ 9,769,370	\$ 9,816,149	\$ 9,194,972	\$ 8,390,904
Restricted	24,282	31,696	5,651	16,667	640,854	100,000	100,994	101,653		
Unrestricted	<u>6,538,082</u>	<u>10,450,995</u>	<u>13,028,963</u>	<u>16,108,148</u>	<u>23,928,363</u>	<u>27,070,175</u>	<u>34,460,513</u>	<u>30,200,767</u>	<u>15,892,860</u>	<u>20,578,594</u>
Total governmental activities	<u>21,189,091</u>	<u>24,936,719</u>	<u>26,311,849</u>	<u>28,865,375</u>	<u>36,293,081</u>	<u>38,075,899</u>	<u>44,330,877</u>	<u>40,118,569</u>	<u>25,087,832</u>	<u>28,969,498</u>
Business-type activities										
Net investment in capital assets		397,330	1,269,054	1,637,230	1,546,682	1,301,831	1,135,113	966,051	862,310	891,941
Unrestricted		<u>607,834</u>	<u>253,194</u>	<u>177,993</u>	<u>1,066,753</u>	<u>2,274,702</u>	<u>3,008,217</u>	<u>4,948,330</u>	<u>3,793,190</u>	<u>3,325,420</u>
Total business-type activities		<u>1,005,164</u>	<u>1,522,248</u>	<u>1,815,223</u>	<u>2,613,435</u>	<u>3,576,533</u>	<u>4,143,330</u>	<u>5,914,381</u>	<u>4,655,500</u>	<u>4,217,361</u>
Primary government										
Net investment in capital assets	14,626,727	14,851,358	14,546,289	14,377,790	13,270,546	12,207,555	10,904,483	10,782,200	10,057,282	9,282,845
Restricted	24,282	31,696	5,651	16,667	640,854	100,000	100,994	101,653		
Unrestricted	<u>6,538,082</u>	<u>11,058,829</u>	<u>13,282,157</u>	<u>16,286,141</u>	<u>24,995,116</u>	<u>29,344,877</u>	<u>37,468,730</u>	<u>35,149,097</u>	<u>19,686,050</u>	<u>23,904,014</u>
Total primary government	<u>\$ 21,189,091</u>	<u>\$ 25,941,883</u>	<u>\$ 27,834,097</u>	<u>\$ 30,680,598</u>	<u>\$ 38,906,516</u>	<u>\$ 41,652,432</u>	<u>\$ 48,474,207</u>	<u>\$ 46,032,950</u>	<u>\$ 29,743,332</u>	<u>\$ 33,186,859</u>

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

SOUTHERN NEVADA HEALTH DISTRICT

CHANGES IN NET POSITION¹ LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
Expenses										
Governmental activities										
Public health										
Nursing										
Communicable diseases	\$ 11,165,033	\$ 10,881,613	\$ 8,003,504	\$ 6,758,899	\$ 7,938,929	\$ 7,933,975	\$ 7,619,766	\$ 7,907,690	\$ 7,651,569	\$ 8,052,327
General nursing										
administration	2,292,977	1,882,503	2,097,551	2,288,338	2,440,021	2,786,755	2,590,645	2,622,911	2,841,367	2,593,440
Immunizations	7,957,547	8,757,974	8,707,255	11,522,381	11,022,254	11,357,315	11,454,155	10,259,728	5,234,679	5,332,565
Women's health	1,960,583	1,765,674	1,541,830	1,774,878	1,909,649	1,972,851	1,609,964	2,255,969	2,791,319	2,860,195
Children's health	2,696,783	3,034,452	2,752,746	2,511,536	2,016,251	2,196,650	2,297,208	2,431,534	2,447,825	2,646,539
Other nursing programs	808,863	1,131,084	717,646	488,175	200,888					
Indirect cost allocation									4,940,210	5,695,586
Environmental health										
Environmental health and sanitation	6,719,633	7,475,321	9,275,812	9,941,857	11,501,992	12,844,003	12,251,212	12,767,225	12,937,138	13,194,888
Waste management	1,185,067	1,670,545	1,833,213	1,590,285	1,830,397	2,186,958	2,228,821	2,479,313	2,553,745	2,364,731
Other environmental health programs	344,835	341,361	405,592	408,450	480,521	451,712	463,513	599,153	685,653	610,696
Indirect cost allocation									3,615,358	3,867,316
Community health services										
Administration				233,435	153,913	257,760	277,793	677,353	1,266,661	1,641,676
Health education			1,902,621	1,997,851	2,148,168	2,207,059	2,523,480	9,779,637	8,587,683	3,012,037
Epidemiology			1,000,324	1,440,716	1,220,115	1,164,790	1,120,337	1,322,758	1,156,060	948,386
Public health preparedness			4,018,104	3,541,232	4,154,798	4,400,431	8,859,153	4,782,010	3,204,142	3,262,330
Emergency medical services			613,169	667,957	689,888	842,260	711,375	703,006	661,575	688,945
Indirect cost allocation									3,365,266	3,475,882
Administration										
General administration	8,015,188	9,482,739	10,639,343	12,478,025	13,832,831	17,816,365	14,873,041	13,879,437		
Health cards	3,954,997	4,046,874	4,036,778	4,282,389	5,153,429	5,375,492	4,721,436	6,549,863	5,222,816	3,747,122
Disaster recovery					59,346	14,098	168,549	315,106	425,763	3,028,524
Vital records	1,128,119	1,250,675	1,411,725	1,511,914	1,734,859	1,521,507	1,438,658	1,537,187	1,536,027	1,492,597
Health education	2,510,925	2,300,824								
Epidemiology	630,753	658,403								
Emergency medical services	543,701	1,307,524								
Public health response to bioterrorism	2,476,151	2,881,029								
Indirect cost allocation									1,720,846	1,679,282
Total governmental activities	<u>\$ 54,391,155</u>	<u>\$ 58,868,595</u>	<u>\$ 58,957,213</u>	<u>\$ 63,438,318</u>	<u>\$ 68,488,249</u>	<u>\$ 75,329,981</u>	<u>\$ 75,209,106</u>	<u>\$ 80,869,880</u>	<u>\$ 72,845,702</u>	<u>\$ 70,195,064</u>
Business-type activities										
Southern Nevada Public Health Laboratory		1,150,860	1,387,608	1,547,881	1,674,398	2,252,506	2,369,892	2,368,140	3,021,468	3,485,617
Total primary government expenses	<u>\$ 54,391,155</u>	<u>\$ 60,019,455</u>	<u>\$ 60,344,821</u>	<u>\$ 64,986,199</u>	<u>\$ 70,162,647</u>	<u>\$ 77,582,487</u>	<u>\$ 77,578,998</u>	<u>\$ 83,238,020</u>	<u>\$ 75,867,170</u>	<u>\$ 73,680,681</u>

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

CHANGES IN NET POSITION¹ (CONTINUED) LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
Program revenues										
Governmental activities										
Charges for services										
Public health										
Nursing										
Communicable diseases	\$ 214,497	\$ 187,507	\$ 260,426	\$ 855,954	\$ 344,531	\$ 393,439	\$ 482,704	\$ 450,102	\$ 1,851,045	\$ 365,208
General nursing administration	425,023	87,812	98,682	97,604	99,875	26,079	22,895	1,975	1,581	1,514
Immunizations	2,826,583	2,719,250	3,581,220	3,215,235	3,419,535	3,450,964	3,325,161	2,542,668	2,648,802	2,330,862
Women's health	243,684	170,988	269,012	334,550	343,831	389,103	374,566	337,062	238,410	232,097
Children's health	33,638	138,488	112,003	146,272	432,722	707,089	809,788	317,577	378,615	363,388
Other nursing programs	399,520	679,940	425,572	478,711	253,555	188,642				
Environmental health										
Environmental health and sanitation	6,593,338	9,782,020	7,878,203	10,093,788	13,689,283	14,606,507	14,960,474	14,642,351	15,206,888	16,487,562
Waste management	509,587	1,081,251	1,340,543	1,293,396	1,236,729	1,059,990	1,189,143	1,761,819	1,372,380	1,307,729
Other environmental health programs	249,614	227,383	219,271	253,010	327,056	338,118	431,481	417,613	433,000	430,662
Community health services										
Health education			286	115,637	103,682	102,540	604,382		22,320	
Epidemiology								450	7,870	
Public health preparedness				365,821	13,905		4,494		4,313	910
Emergency medical services			63,266	109,808	76,431	87,889	83,996	93,127	74,979	85,895
Administration										
General administration		68,614	20,855		17,826					
Health cards	4,713,354	4,500,220	4,663,868	5,553,365	7,002,294	5,845,969	6,359,945	6,063,387	5,834,530	3,321,440
Vital records	1,609,040	1,723,585	1,967,574	2,295,817	2,711,505	2,572,061	2,479,891	2,554,939	2,488,364	2,440,044
Health education	22,020	50,115								
Emergency medical services	59,541	82,075								
Public health response for bioterrorism		11,023								
Operating grants and contributions	19,146,745	19,103,517	19,170,520	17,852,732	19,867,705	19,015,920	25,481,110	27,731,291	19,600,974	15,524,141
Capital grants and contributions	3,790,235	3,443,914	134,964							
Total governmental activities	<u>40,836,419</u>	<u>44,057,702</u>	<u>40,206,265</u>	<u>43,061,700</u>	<u>49,940,465</u>	<u>48,780,310</u>	<u>56,610,030</u>	<u>56,914,361</u>	<u>50,164,071</u>	<u>42,891,452</u>
Business-type activities										
Southern Nevada Public Health Laboratory										
Charges for services		8,000	13,725							
Operating grants and contributions		1,169,547	816,891	1,075,360	1,434,266	1,654,486	1,368,633	1,415,460	1,160,177	1,757,402
Capital grants and contributions			22,125	227,875						
Total business-type activities		<u>1,177,547</u>	<u>852,741</u>	<u>1,303,235</u>	<u>1,434,266</u>	<u>1,654,486</u>	<u>1,368,633</u>	<u>1,415,460</u>	<u>1,160,177</u>	<u>1,757,402</u>
Total primary government program revenues	<u>\$ 40,836,419</u>	<u>\$ 45,235,249</u>	<u>\$ 41,059,006</u>	<u>\$ 44,364,935</u>	<u>\$ 51,374,731</u>	<u>\$ 50,434,796</u>	<u>\$ 57,978,663</u>	<u>\$ 58,329,821</u>	<u>\$ 51,324,248</u>	<u>\$ 44,648,854</u>

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

CHANGES IN NET POSITION¹ (CONTINUED) LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
Net (expenses) program revenues										
Governmental activities	\$ (13,554,736)	\$ (14,810,893)	\$ (18,750,948)	\$ (20,376,618)	\$ (18,547,784)	\$ (26,549,671)	\$ (18,399,076)	\$ (23,955,519)	\$ (22,681,631)	\$ (27,303,612)
Business-type activities		26,687	(534,867)	(244,646)	(240,132)	(598,020)	(1,001,259)	(952,680)	(1,861,291)	(1,728,215)
Primary government	<u>\$ (13,554,736)</u>	<u>\$ (14,784,206)</u>	<u>\$ (19,285,815)</u>	<u>\$ (20,621,264)</u>	<u>\$ (18,787,916)</u>	<u>\$ (27,147,691)</u>	<u>\$ (19,600,335)</u>	<u>\$ (24,908,199)</u>	<u>\$ (24,542,922)</u>	<u>\$ (29,031,827)</u>
General revenues and other changes in net position										
Governmental activities										
Property tax allocation	\$ 17,440,001	\$ 18,670,000	\$ 20,330,000	\$ 22,450,600	\$ 25,473,000	\$ 28,182,950	\$ 24,942,525	\$ 21,406,846	\$ 5,692,534	\$ 32,167,828
State funding	508,257	477,078								
Unrestricted investment income	186,360	357,976	658,511	1,006,472	1,552,946	1,633,740	958,966	961,355	755,742	267,114
Gain on disposal of capital assets									(3,219)	
Miscellaneous	87,239	26,517	169,198		17,043	18,615	12,423	25,871		2,000
Transfers		(973,030)	(1,031,631)	(526,928)	(1,064,673)	(1,502,813)	(1,516,204)	(2,650,861)	(511,771)	(1,251,664)
Total governmental activities	<u>18,221,857</u>	<u>18,558,521</u>	<u>20,126,078</u>	<u>22,930,144</u>	<u>25,978,316</u>	<u>28,332,492</u>	<u>24,397,710</u>	<u>19,743,211</u>	<u>5,933,286</u>	<u>31,185,278</u>
Business-type activities										
Unrestricted investment income		5,427	20,320	10,693	27,205	58,307	49,662	72,870	93,317	38,412
Gain on disposal of capital assets									(2,678)	
Transfers		973,050	1,031,631	526,928	1,064,673	1,502,813	1,516,204	2,650,861	511,771	1,251,664
Total business-type activities		<u>978,477</u>	<u>1,051,951</u>	<u>537,621</u>	<u>1,091,878</u>	<u>1,561,120</u>	<u>1,565,866</u>	<u>2,723,731</u>	<u>602,410</u>	<u>1,290,076</u>
Total primary government general revenues and other changes in net position	<u>\$ 18,221,857</u>	<u>\$ 19,536,998</u>	<u>\$ 21,178,029</u>	<u>\$ 23,467,765</u>	<u>\$ 27,070,194</u>	<u>\$ 29,893,612</u>	<u>\$ 25,963,576</u>	<u>\$ 22,466,942</u>	<u>\$ 6,535,696</u>	<u>\$ 32,475,354</u>
Change in net position										
Governmental activities	\$ 4,667,121	\$ 3,747,628	\$ 1,375,130	\$ 2,553,526	\$ 7,430,532	\$ 1,782,821	\$ 5,798,634	\$ (4,212,308)	\$ (16,748,345)	\$ 3,881,666
Business-type activities		1,005,164	517,084	292,975	851,746	963,100	564,607	1,771,051	(1,258,881)	(438,139)
Primary government	<u>\$ 4,667,121</u>	<u>\$ 4,752,792</u>	<u>\$ 1,892,214</u>	<u>\$ 2,846,501</u>	<u>\$ 8,282,278</u>	<u>\$ 2,745,921</u>	<u>\$ 6,363,241</u>	<u>\$ (2,441,257)</u>	<u>\$ (18,007,226)</u>	<u>\$ 3,443,527</u>

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

SOUTHERN NEVADA HEALTH DISTRICT

FUND BALANCE, GOVERNMENTAL FUNDS¹ LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
General fund										
Reserved	\$ 1,908,986	\$ 1,642,535	\$ 2,295,848	\$ 2,067,574	\$ 1,636,429	\$ 1,700,863	\$ 723,788	\$	\$	\$
Unreserved	9,222,634	13,541,705	15,797,637	19,528,050	26,595,141	25,177,271	31,685,852			
Nonspendable								598,058	1,007,507	918,678
Assigned								407,366		
Unassigned								27,327,045	12,374,570	20,157,560
Total general fund	<u>\$ 11,131,620</u>	<u>\$ 15,184,240</u>	<u>\$ 18,093,485</u>	<u>\$ 21,595,624</u>	<u>\$ 28,231,570</u>	<u>\$ 26,878,134</u>	<u>\$ 32,409,640</u>	<u>\$ 28,332,469</u>	<u>\$ 13,382,077</u>	<u>\$ 21,076,238</u>
Other governmental funds										
Reserved	\$ 81,246	\$ 207,213	\$ 252,803	\$ 147,190	\$ 507,542	\$ 603,261	\$ 401,413	\$	\$	\$
Unreserved										
Debt service funds					1,002,341	6,957,921	8,908,045			
Capital projects funds	315,574	350,936	243,172	(209,441)	917,291	954,261	3,288,521			
Committed								10,627,219	11,220,701	11,313,465
Assigned								4,445,423	7,526,560	6,534,951
Total other governmental funds	<u>\$ 396,820</u>	<u>\$ 558,149</u>	<u>\$ 495,975</u>	<u>\$ (62,251)</u>	<u>\$ 2,427,174</u>	<u>\$ 8,515,443</u>	<u>\$ 12,597,979</u>	<u>\$ 15,072,642</u>	<u>\$ 18,747,261</u>	<u>\$ 17,848,416</u>

1. Source: Southern Nevada Health District Finance Department (prepared using the modified accrual basis of accounting)
2. With GASB 54 becoming effective in fiscal year 2011, there are new fund balance classifications which are being applied prospectively

SOUTHERN NEVADA HEALTH DISTRICT

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS¹ LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
REVENUES										
Title XIX Medicaid	\$ 412,369	\$ 390,344	\$ 341,039	\$ 376,259	\$ 747,708	\$ 522,519	\$ 595,060	\$ 547,452	\$ 608,192	\$ 484,388
Vital records, immunizations and other medical services	4,745,964	4,997,395	6,293,396	6,341,619	6,593,273	6,349,205	5,963,518	5,581,494	5,200,688	4,866,325
Regulatory services	12,125,434	15,404,706	13,913,381	16,793,854	22,538,791	22,028,715	23,142,972	22,978,296	22,897,904	21,614,151
Program contract services	615,672	717,826	350,965	1,618,959	2,652,518	2,644,428	2,835,603	2,308,693	1,879,517	383,310
Property tax allocation	17,440,001	18,670,000	20,330,000	22,450,600	25,473,000	28,182,950	24,942,525	21,406,846	5,692,534	32,167,828
State funding	2,485,091	2,176,201	3,251,839	1,879,920	1,149,301	1,067,270	987,147	979,488	437,330	643,646
Indirect federal grants	9,505,648	8,764,344	7,963,294	7,879,797	8,630,562	9,134,335	13,947,975	9,463,763	8,092,743	9,874,038
Direct federal grants	6,387,319	6,486,650	2,826,414	1,590,603	1,651,603	1,637,192	2,351,437	10,105,237	10,995,381	4,649,249
Contributions and donations	481,002	388,897	778,421	4,131	11,803	27,148	12,556	13,777	39,717	18,273
Interest income	186,360	357,976	648,360	991,110	1,535,460	1,615,024	948,105	949,201	742,274	258,661
Other	87,239	26,517	171,198	11,751	46,530	18,157	17,870	21,097	14,594	360,072
Total revenues	54,472,099	58,380,856	56,870,307	59,938,603	71,030,549	73,226,943	75,744,768	74,355,344	56,600,874	75,319,941
EXPENDITURES										
Current										
Public health										
Nursing	21,849,327	21,942,229	18,955,239	18,917,693	19,221,694	20,834,398	20,003,301	19,527,890	19,926,399	20,607,106
Environmental health	7,972,691	9,376,173	11,282,987	11,989,911	13,572,009	15,242,682	14,875,882	14,901,773	15,206,451	15,310,788
Community health services			7,233,815	7,706,454	8,091,703	8,606,149	12,339,907	16,786,519	14,393,695	9,214,932
Administration	17,374,411	19,861,149	14,037,022	16,272,804	18,808,328	21,199,574	17,174,676	20,231,785	18,697,521	21,008,563
Total current	47,196,429	51,179,551	51,509,063	54,886,862	59,693,734	65,882,803	64,393,766	71,447,967	68,224,066	66,141,389
Capital outlay										
Public health	3,430,743	2,014,306	1,761,244	1,580,900	946,771	906,512	627,100	1,363,248	754,194	1,131,572
Total expenditures	50,627,172	53,193,857	53,270,307	56,467,762	60,640,505	66,789,315	65,020,866	72,811,215	68,978,260	67,272,961
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,844,927	5,186,999	3,600,000	3,470,841	10,390,044	6,437,628	10,723,902	1,544,129	(12,377,386)	8,046,980
OTHER FINANCING SOURCES (USES)										
Transfers in	3,329,458	3,608,993	2,843,967	2,331,920	3,398,434	6,822,857	4,435,702	3,768,357	3,941,289	81,572
Transfers out	(3,329,458)	(4,582,043)	(3,596,896)	(2,858,848)	(4,663,107)	(8,525,670)	(6,001,906)	(6,719,218)	(4,753,060)	(1,333,236)
Total other financing sources (uses)		(973,050)	(752,929)	(526,928)	(1,264,673)	(1,702,813)	(1,566,204)	(2,950,861)	(811,771)	(1,251,664)
CHANGE IN FUND BALANCE	\$ 3,844,927	\$ 4,213,949	\$ 2,847,071	\$ 2,943,913	\$ 9,125,371	\$ 4,734,815	\$ 9,157,698	\$ (1,406,732)	\$ (13,189,157)	\$ 6,795,316

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

SOUTHERN NEVADA HEALTH DISTRICT

ASSESSED AND ESTIMATED ACUTAL VALUE OF TAXABLE PROPERTY¹ LAST TEN FISCAL YEARS (UNAUDITED)

For the Year Ended June 30,	Real Property		Personal Property		Total		Ratio of Total Assessed to Total Estimated Actual Value ²	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
					Direct Tax Rate			
2004	\$ 39,852,173,918	\$ 113,863,354,051	\$ 4,774,487,190	\$ 13,641,391,971	\$ 44,626,661,108	0.6502	\$ 127,504,746,022	35.00 %
2005	45,391,834,363	129,690,955,323	5,029,248,112	14,369,280,230	50,421,082,475	0.6502	144,060,235,553	35.00 %
2006	51,060,915,772	174,459,759,349	5,787,270,132	16,535,057,520	66,848,185,904	0.6425	190,994,816,869	35.00 %
2007	87,405,015,147	249,728,614,706	5,954,162,886	17,011,899,960	93,359,178,033	0.6416	266,740,508,666	35.00 %
2008	102,349,025,402	292,425,786,863	6,300,900,438	18,002,572,680	108,649,925,840	0.6391	310,428,359,543	35.00 %
2009	106,988,178,756	305,680,510,731	5,817,306,838	16,620,876,680	112,805,485,594	0.6391	322,301,387,411	35.00 %
2010	86,961,001,865	248,460,005,329	4,772,231,316	13,634,946,617	91,733,233,181	0.6391	262,094,951,946	35.00 %
2011	60,420,431,199	172,629,803,426	3,706,515,345	10,590,043,843	64,126,946,544	0.6391	183,219,847,269	35.00 %
2012	53,342,794,997	152,407,985,706	3,369,755,692	9,627,873,406	56,712,550,689	0.6391	162,035,859,112	35.00 %
2013	48,963,146,030	139,894,702,943	4,303,923,931	12,296,925,517	53,267,069,961	0.6391	152,191,628,460	35.00 %

1. Source: Clark County Assessor's Office

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

SOUTHERN NEVADA HEALTH DISTRICT

PROPERTY TAX RATES¹ - DIRECT AND OVERLAPPING GOVERNMENTS² (PER \$100 OF ASSESSED VALUE) LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
County Direct Rate	0.6502	0.6502	0.6425	0.6416	0.6391	0.6391	0.6391	0.6391	0.6391	0.6391
Clark County School District Rate	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034	1.3034
State of Nevada Rate	0.1700	0.1850	0.1850	0.1850	0.1850	0.1850	0.1850	0.1850	0.1850	0.1850
City Rates										
Boulder City	0.2038	0.2038	0.1844	0.2038	0.2038	0.2188	0.2600	0.2600	0.2600	0.2600
Henderson	0.7108	0.7108	0.7108	0.7108	0.7108	0.7108	0.7108	0.7108	0.7108	0.7108
Las Vegas	0.7796	0.7796	0.7774	0.7777	0.7715	0.7715	0.7715	0.7715	0.7715	0.7715
Mesquite	0.3020	0.5520	0.5520	0.5520	0.5520	0.5520	0.5520	0.5520	0.5520	0.5520
North Las Vegas	1.1987	1.1987	1.1887	1.1687	1.1637	1.1637	1.1637	1.1637	1.1637	1.1637
Unincorporated Town Rates										
Bunkerville	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200
Enterprise	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064
Glendale										
Indian Springs	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200
Lughlin	0.8416	0.8416	0.8416	0.8416	0.8416	0.8416	0.8416	0.8416	0.8416	0.8416
Moapa	0.2344	0.2344	0.2344	0.2344	0.2344	0.2344	0.2344	0.1094	0.1094	0.1094
Moapa Valley	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200
Mt. Charleston	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200
Paradise	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064
Searchlight	0.1153	0.1172	0.1223	0.1222	0.1212	0.1212	0.2064	0.2064	0.2064	0.2064
Spring Valley	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.0600	0.0200	0.0200	0.0200
Summerlin	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064
Sunrise Manor	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064
Whitney (East Las Vegas)	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064
Winchester	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064	0.2064
Other Special District Rates										
Boulder City Library	0.1655	0.1640	0.1625	0.1555	0.1485	0.1485	0.1485	0.1595	0.1755	0.2030
Clark County Fire Services District	0.2197	0.2197	0.2197	0.2197	0.2197	0.2197	0.2197	0.2197	0.2197	0.2197
Coyote Springs Groundwater Basin	0.0402	0.0575	0.0522	0.0496	0.0520	0.0039	0.0018	0.0023		
Las Vegas Metropolitan Police 911	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050
Henderson City Library	0.0535	0.0533	0.0533	0.0533	0.0582	0.0590	0.0581	0.0577	0.0575	0.0586
Kyle Canyon Water District	0.0417	0.0414	0.0351	0.0351	0.0346	0.0346	0.0346	0.0346	0.0346	0.0346
Las Vegas Artesian Basin	0.0018	0.0016	0.0013	0.0009	0.0008	0.0008	0.0011	0.0015		
Las Vegas / Clark County Library District	0.0977	0.0958	0.0866	0.0866	0.0866	0.0866	0.0909	0.1011	0.0942	0.0942
Las Vegas Metropolitan Police - Manpower - City	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800
Las Vegas Metropolitan Police - Manpower - County	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800
Lower Moapa Groundwater Basin							0.0006	0.0008		
Mt. Charleston Fire Service District	0.8813	0.8813	0.8813	0.8813	0.8813	0.8813	0.8813	0.8813	0.8813	0.8813
Muddy River Springs Area Groundwater Basin	0.0937	0.0899	0.0785							
North Las Vegas Library District	0.0632	0.0632	0.0632	0.0632	0.0632	0.0632	0.0632	0.0632	0.0632	0.0632

1. The State of Nevada constitution has a maximum rate limit of \$5 per \$100 of assessed value. Nevada Revised Statutes further lower the limit to a total combined tax rate of \$3.64 per \$100 of assessed value.
2. Source: State of Nevada, Department of Taxation's "Local Government Finance Redbook"

SOUTHERN NEVADA HEALTH DISTRICT

PRINCIPAL PROPERTY TAXPAYERS¹ CURRENT AND NINE YEARS AGO (UNAUDITED)

Taxpayer	2013			2004		
	Taxable Assessed Value ²	Rank	Approximate Percentage of Taxable Assess Valuation ³	Taxable Assessed Value ²	Rank	Approximate Percentage of Taxable Assess Valuation ³
MGM Mirage	\$ 2,453,765,826	1	4.61 %	\$ 1,454,573,759	1	3.26 %
NV Energy	1,618,820,753	2	3.04 %	694,359,883	4	1.56 %
Caesars Entertainment Incorporated	1,514,349,117	3	2.84 %			%
Las Vegas Sands Corporation	958,971,521	4	1.80 %			%
Wynn Resort Limited	720,065,000	5	1.35 %			%
Boyd Gaming Corporation	323,806,369	6	0.61 %			%
Howard Hughes Corporation	164,087,944	7	0.31 %			%
Station Casinos Incorporated	486,757,127	8	0.91 %	320,166,459	7	0.72 %
Nevada Property 1 Limited Liability Company	279,418,598	9	0.52 %			%
General Growth Properties Incorporated	161,490,791	10	0.30 %			%
Mandalay Resort Group				944,533,263	2	2.12 %
Park Place Entertainment				832,007,688	3	1.86 %
F.S. Rouse Limited Liability Company				486,889,805	5	1.09 %
Venetian Casino Resorts Limited Liability Company				425,805,794	6	0.95 %
Harrah's Club				289,793,058	8	0.65 %
Coast Resorts Incorporated				238,753,638	9	0.54 %
Pulte Homes				183,582,836	10	0.41 %
	<u>\$ 8,681,533,046</u>		<u>16.29 %</u>	<u>\$ 5,870,466,183</u>		<u>13.16 %</u>

1. Source: Clark County Assessor's Office
2. Note: Taxable assessed value is 35% of appraised value.
3. See the "Assessed and Estimated Actual Value of Taxable Property" table for assessed property value data.

SOUTHERN NEVADA HEALTH DISTRICT

PROPERTY TAX LEVIES AND COLLECTIONS¹ LAST TEN FISCAL YEARS (UNAUDITED)

For the Year Ended June 30.	Tax Levy	Current Tax Levy Collections	Percent of Tax Levy Collected	Delinquent Tax Levy Collections	Total Tax Levy Collected	Percent of Total Tax Levy Collected to Tax Levy	Outstanding Delinquent Tax Levy	Percent of Outstanding Tax Levy to Tax Levy
2004	\$ 1,262,337,653	\$ 1,251,864,740	99.1704 %	\$ 10,438,867	\$ 1,262,303,607	99.9973 %	\$ 34,046	0.0027 %
2005	1,449,273,775	1,439,911,686	99.3540 %	9,339,483	1,449,251,169	99.9984 %	22,606	0.0016 %
2006	1,639,440,075	1,632,191,297	99.5579 %	7,191,595	1,639,382,892	99.9965 %	57,183	0.0035 %
2007	1,927,504,172	1,909,964,723	99.0900 %	17,049,389	1,927,014,112	99.9746 %	490,060	0.0254 %
2008	2,180,151,410	2,144,481,519	98.3639 %	30,981,680	2,175,463,199	99.7850 %	4,688,211	0.2150 %
2009	2,359,508,218	2,310,905,968	97.9402 %	30,112,960	2,341,018,928	99.2164 %	18,489,290	0.7836 %
2010	2,267,778,838	2,216,524,825	97.7399 %	32,607,231	2,249,132,056	99.1778 %	18,646,782	0.8222 %
2011	1,770,127,142	1,736,374,718	98.0932 %	22,550,172	1,758,924,890	99.3671 %	11,202,252	0.6329 %
2012	1,600,895,122	1,576,913,229	98.5020 %	17,694,791	1,594,608,020	99.6073 %	6,287,102	0.3927 %
2013	1,460,234,637	1,446,101,302	99.0321 %	2	1,446,101,302	99.0321 %	2	% 2

1. Source: Clark County Treasurer
2. Not available at time of printing.

SOUTHERN NEVADA HEALTH DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS (UNAUDITED)

<u>For the Year Ended June 30.</u>	<u>Population</u> ¹	<u>Per Capita Personal Income</u> ²	<u>School Enrollment</u> ³	<u>Unemployment Rate</u> ⁴
2004	1,715,337	\$ 45,793	\$ 268,357	4.80 %
2005	1,796,380	49,565	280,834	4.00 %
2006	1,874,837	33,414	291,510	3.90 %
2007	1,954,319	39,853	302,763	4.30 %
2008	1,967,716	39,920	308,745	5.50 %
2009	1,952,040	36,711	311,221	9.18 %
2010	1,968,831	35,723	309,476	15.00 %
2011	1,972,514	35,680	309,126	13.80 %
2012	2,008,654		308,377	12.80 %
2013			309,983	10.23 %

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

SOUTHERN NEVADA HEALTH DISTRICT

PRINCIPAL EMPLOYERS¹ CURRENT AND NINE YEARS AGO (UNAUDITED)

Employer	2013			2004		
	Employees ²	Rank	Percentage of Total Southern Nevada Health District Employment	Employees ²	Rank	Percentage of Total Southern Nevada Health District Employment
Clark County School District	35,000	1	4.25 %	28,500	1	3.66 %
Clark County, Nevada	8,250	2	1.00 %	9,250	2	1.19 %
Wynn Las Vegas, LLC	8,250	3	1.00 %			%
Bellagio, LLC	7,750	4	.94 %			%
MGM Grand Hotel/Casino	7,750	5	.94 %			%
Aria Resort and Casino, LLC	7,250	6	.88 %			%
Mandalay Bay Resort and Casino	6,750	7	.82 %	6,750	3	.87 %
Caesars Palace	6,250	8	.76 %	4,750	8	.61 %
University of Nevada-Las Vegas	5,250	9	.64 %	5,250	6	.67 %
Las Vegas Metropolitan Police	4,750	10	.57 %	4,750	7	.61 %
The Mirage Casino Hotel				5,750	4	.74 %
Bally's and Paris Casino Hotels						%
Rio Suite Hotel				4,250	9	.55 %
State of Nevada				5,250	5	.67 %
Luxor				3,750	10	.48 %
Total principal employers	97,250		11.80 %	78,250		10.50 %
Total employment in Clark County, Nevada	823,866			778,977		

1. Source: State of Nevada - Department of Employment, Training and Rehabilitation
2. Note: Number of employees estimated using the midpoint of the range

SOUTHERN NEVADA HEALTH DISTRICT

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM¹ LAST TEN FISCAL YEARS (UNAUDITED)

Function/program	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
Governmental activities										
Public health										
Nursing	205	204	205	162	177	172	163	166	164	166
Environmental health	107	117	135	140	158	156	148	142	146	164
Community health services	2	50	54	49	54	55	53	50	48	56
Administration	166	132	139	135	151	152	146	149	153	129
Business-type activities										
Southern Nevada Public Health Laboratory	3	10	12	10	10	14	15	15	15	17
Total full-time equivalent employees	<u>478</u>	<u>513</u>	<u>545</u>	<u>496</u>	<u>550</u>	<u>549</u>	<u>525</u>	<u>522</u>	<u>526</u>	<u>532</u>

1. Source: Southern Nevada Health District Finance Department
2. Notes: The division for Community Health Services was established in January 2005
3. Notes: The Southern Nevada Public Health Laboratory began operations in July 2004

SOUTHERN NEVADA HEALTH DISTRICT

OPERATING INDICATORS BY FUNCTION/PROGRAM¹ LAST TEN FISCAL YEARS (UNAUDITED)

	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
Nursing										
Communicable diseases										
Reported diseases										
Hepatitis A	7	13	15	4	4	11	12	8	6	9
Hepatitis B (Acute)	53	25	27	40	28	33	34	30	20	22
Influenza	58	182	202	95	270	528	485	485	356	571
Pertussis	16	30	22	15	24	6	12	29	30	121
Amebiasis	13	13	9	9	10	11	5	13	7	9
Campylobacteriosis	101	96	86	119	135	107	120	98	97	78
Escherichia coli O157:H7	20	13	10	22	12	14	15	33	51	37
Giardiasis	74	73	82	71	94	75	67	60	49	61
Immunizations	390,295	343,883	310,514	270,326	273,662	302,982	200,142	202,936	203,712	157,448
Sexually-transmitted diseases										
Syphilis	125	259	387	314	277	289	230	356	88	227
Gonorrhea	2,902	2,941	2,503	2,260	2,207	1,576	1,697	1,618	1,058	2,147
Chlamydia	4,692	6,209	5,812	7,276	7,773	7,681	8,414	8,029	4,993	8,883
People living with HIV	2,960	2,722	2,939	3,065	3,028	266	271	240	237	237
Diagnosed cases of AIDS	4,172	4,240	4,468	5,533	4,962	230	187	195	212	202
Environmental health										
Food and beverage establishment inspections										
Routine	17,956	22,011	26,960	25,229	25,229	24,486	27,030	21,061	21,165	23,114
Special event	2,183	2,531	2,877	3,553	3,597	3,696	3,761	3,854	4,764	4,694
Compliant driven	1,668	1,995	1,942	2,370	1,800	1,517	1,409	1,690	1,492	2,043
Epi related	676	542	584	565	615	369	41	35	48	165
Community health services										
Emergency medical services										
Active certifications										
First responder	58	68	52	33	20	4	1			
EMT - basic	1,452	1,283	1,118	910	881	784	671	560	532	458
EMT - intermediate	1,440	1,437	1,474	1,405	1,336	1,322	1,369	1,365	1,347	1,303
EMT - paramedic	766	821	812	913	947	985	1,018	1,073	1,118	1,114
EMT - instructors	286	300	356	382	389	383	356	353	338	356
Epidemiology										
Reported diseases										
Amebiasis					10	11	5	13	7	9
Coccidioidomycosis	55	62	58	57	63	50	56	81	115	79
Cryptosporidiosis					16	1	4	12	4	5
Invasive Group A Strep					26	11		1		
Invasive Strep Pneumoniae					5	1	2	47	59	54
Legionellosis					10	11	17	11	9	16
Listeriosis					6	2	1	1	2	1
Lyme Disease					9	4	1	2	4	2
Menengitis, Aseptic/Viral	86	80	70	54	61	47	32	41	22	26
Menengitis, Bacterial	19	15	13	18	21	11	7	9	4	6
Meningococcal Disease	4	8	5	3	6	1	4	2	2	
Rotavirus	673	579	647	356	290	104	90	59	33	103

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT
OPERATING INDICATORS BY FUNCTION/PROGRAM¹ (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)

	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
RSV	1,195	1,564	1,556	1,234	1,139	1,049	1,225	1,320	971	1,457
Salmonellosis	129	144	132	220	166	175	172	188	140	147
Shigellosis	64	54	69	109	159	144	57	40	29	58
Administrative, operations and maintenance										
Health cards issued										
New	64,398	67,421	77,781	70,607	64,288	45,492	42,200	39,442	40,302	40,778
Renewal	58,413	50,018	28,619	70,772	62,604	58,949	70,657	60,081	58,142	65,273
Other	12,003	12,966	29,822	10,828	11,378	9,950	9,450	8,835	8,350	7,301
Vital records										
Births	26,292	28,060	29,070	30,589	30,362	19,860	19,613	19,042	20,711	26,432
Deaths	12,782	13,762	13,775	12,664	13,409	10,399	10,157	10,253	11,109	15,159

1. Source: Southern Nevada Health District Finance Department

2. Amount reported includes only the number of certificates issued for birth and deaths in the current fiscal year, and does not include duplicate or replacement certificates issued

SOUTHERN NEVADA HEALTH DISTRICT

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM¹ LAST TEN FISCAL YEARS (UNAUDITED)

Function/program	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
Governmental activities										
Public health										
Nursing	\$ 3,029,633	\$ 1,435,565	\$ 1,635,917	\$ 1,734,328	\$ 1,791,734	\$ 1,797,575	\$ 1,620,435	\$ 1,620,333	\$ 1,754,975	\$ 1,528,201
Environmental health	725,496	831,792	928,668	989,475	1,069,123	1,029,719	1,189,172	1,945,641	1,788,428	1,406,930
Community health services			359,437	382,071	377,644	434,240	712,206	831,429	1,025,536	927,232
Administration	18,870,951	21,628,947	21,075,415	22,182,097	22,737,233	23,045,482	22,013,656	22,264,236	22,147,260	22,505,859
Business-type activities										
Southern Nevada Public Health Laboratory		410,280	1,450,586	2,032,365	2,134,430	2,245,520	2,286,992	2,311,467	2,382,536	2,550,084
	<u>\$ 22,626,080</u>	<u>\$ 24,306,584</u>	<u>\$ 25,450,023</u>	<u>\$ 27,320,336</u>	<u>\$ 28,110,164</u>	<u>\$ 28,552,536</u>	<u>\$ 27,822,461</u>	<u>\$ 28,973,106</u>	<u>\$ 29,098,735</u>	<u>\$ 28,918,306</u>

1. Source: Southern Nevada Health District Finance Department
2. The division for Community Health Services was established in January 2005
3. The Southern Nevada Public Health Laboratory began operations in July 2004



SINGLE AUDIT INFORMATION



P B T K

PIERCY BOWLER
TAYLOR & KERN

Certified Public Accountants
Business Advisors

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

Board of Health
Southern Nevada Health District
Las Vegas, Nevada

We have audited the compliance of the Southern Nevada Health District (the District) with the types of compliance requirements described in the Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility. The District's management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility. Our responsibility is to express an opinion on compliance for each of the 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Basis for Qualified Opinion on Each of the Major Federal Programs Identified in the Table Below. As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding the following:

<u>Finding Number</u>	<u>Compliance Requirement</u>	<u>CFDA Number(s)</u>	<u>Program Name</u>
2013 - 004	Allowable Costs/Cost Principles	93.069; 93.217; 93.520; 93.724; 93.940; 97.067	Public Health Emergency Preparedness; Family Planning Services; Centers for Disease Control and Prevention -Affordable Care Act (ACA) - Communities Putting Prevention to Work; ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA); HIV Prevention Activities; Homeland Security Grant Program

<u>Finding Number</u>	<u>Compliance Requirement</u>	<u>CFDA Number(s)</u>	<u>Program Name</u>
2013 - 005	Allowable Costs/Cost Principles	93.069; 93.217; 93.520; 93.724; 93.940; 97.067	Public Health Emergency Preparedness; Family Planning Services; Centers for Disease Control and Prevention –Affordable Care Act (ACA) - Communities Putting Prevention to Work; ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA); HIV Prevention Activities; Homeland Security Grant Program
2013 - 006	Program Income	93.217	Family Planning Services
2013 - 007	Reporting	93.217	Family Planning Services
2013 - 008	Monitoring	93.217; 93.520; 93.724; 93.940	Family Planning Services; Centers for Disease Control and Prevention –Affordable Care Act (ACA) - Communities Putting Prevention to Work; ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA); HIV Prevention Activities
2013 - 012	Equipment and Real Property Management	97.067	Homeland Security Grant Program
2013 - 013	Monitoring	93.520; 93.724	Centers for Disease Control and Prevention –Affordable Care Act (ACA) - Communities Putting Prevention to Work; ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)
2013 - 014	Monitoring	97.067	Homeland Security Grant Program

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Qualified Opinion on Each of the Major Federal Programs Identified in the Table Above. In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the 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 the major federal programs identified in the table above for the year ended June 30, 2013.

Other Matters. The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2013 - 009 through 2013 - 011. Our opinion on each major federal program is not modified with respect to these matters.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Report on Internal Control Over Compliance. The District's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies; and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2013 - 004-005 and 2013 - 014, to be material weaknesses.

A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2013 - 006-008 and 2013 - 012-013 to be significant deficiencies.

The District's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133. We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 18, 2013, which contained an unmodified opinion on those basic financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Las Vegas, Nevada
November 18, 2013

SOUTHERN NEVADA HEALTH DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal or Pass-through Grantor Number</u>	<u>Expenditures</u>
Department of Health and Human Services			
Passed through Nevada Department of Health and Human Services, Aging and Disability Division:			
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048	03-008-13-ZX-12	\$ 1,321
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048	03-008-14-ZX-12	18,533
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048	03-008-13-LX-13	46,704
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048	03-008-13-ZX-13	3,510
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:			
Public Health Emergency Preparedness	93.069*	2U90TP916964-11	76,772
Public Health Emergency Preparedness	93.069*	2U90TP916964-11	67,342
Public Health Emergency Preparedness	93.069*	1U90TP000534-01	526,953
Public Health Emergency Preparedness	93.069*	1U90TP000534-01	2,578,561
Public Health Emergency Preparedness	93.069*	2U90TP916964-11	404,240
Passed through University of Nevada, Las Vegas:			
Environmental Public Health and Emergency Response	93.070	1UE1EH000824-01	19,137
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:			
Maternal and Child Health Federal Consolidated Programs	93.110	6H17MC23548-01-01	40,681
Maternal and Child Health Federal Consolidated Programs	93.110	5H17MC23548-02-00	298
Maternal and Child Health Federal Consolidated Programs	93.110	6H17MC23548-02-01	19
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:			
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	5U52PS907855	154,905
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	5U52PS907855	112,590
Direct Program:			
Family Planning Services	93.217*	2FPHPA090159-40-03	19,978
Family Planning Services	93.217*	2FPHPA090159-41-00	641,876
Family Planning Services	93.217*	6FPHPA090159-41-03	69,930
Family Planning Services	93.217*	5FPHPA090159-42-01	521,338
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:			
Immunization Cooperative Agreements	93.268	5H23IP922549-10	311,597
Immunization Cooperative Agreements	93.268	3H23IP000695-01S1	74,246
Immunization Cooperative Agreements	93.268	1H23IP000727-01	283,077
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:			
Adult Viral Hepatitis Prevention and Control	93.270	5U51PS000874-05	6,442
Adult Viral Hepatitis Prevention and Control	93.270	1U51PS004092-01	37,703
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5U58DP002003-04	160,000

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal or Pass-through Grantor Number</u>	<u>Expenditures</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5U58DP002003-04	26,162
Direct Program:			
Teenage Pregnancy Prevention Program	93.297	5TP1AH000024-02-00	178,483
Teenage Pregnancy Prevention Program	93.297	5TP1AH000024-02-01	167,548
Teenage Pregnancy Prevention Program	93.297	5TP1AH000024-03-00	762,475
Teenage Pregnancy Prevention Program	93.297	5TP1AH000024-03-01	59,843
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:			
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	X02MC23117	127,737
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	X02MC23117	12,552
Direct Program:			
Centers for Disease Control and Prevention - Affordable Care Act (ACA) - Communities Putting Prevention to Work	93.520*	1U58DP002382-01	1,106,452
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:			
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infectious Program (EIP) Cooperative Agreements; PPHF	93.521	5U50CI000900-02	18,138
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infectious Program (EIP) Cooperative Agreements; PPHF	93.521	3U50CI000900-02S2	160,700
Direct Program:			
ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)	93.724*	1U58DP002383-01	1,009,622
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:			
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	03-008-13-QX-13	450
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:			
National Bioterrorism Hospital Preparedness Program	93.889	4U3REP090220-03-04	93,561
National Bioterrorism Hospital Preparedness Program	93.889	6U3REP090220-03-01	61,282
National Bioterrorism Hospital Preparedness Program	93.889	1U90TP000534-01	1,010,713
Passed through Clark County, Nevada, Department of Social Services:			
HIV Emergency Relief Project Grants	93.914	Interlocal Agreement	1,157,763
HIV Emergency Relief Project Grants	93.914	Interlocal Agreement	361,883
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:			
HIV Care Formula Grants	93.917	2 X07HA00001-23-00	28,335
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:			
HIV Prevention Activities - Health Department Based	93.940*	1U62PS003654-01	717,218
HIV Prevention Activities - Health Department Based	93.940*	5U62PS923483-07	76,163

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal or Pass-through Grantor Number</u>	<u>Expenditures</u>
HIV Prevention Activities - Health Department Based	93.940*	5U62PS003654-02	632,471
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:			
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	5U62PS001038-04	111,561
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	1U62PS004024-01	93,205
Passed through Nevada Department of Employment, Training and Rehabilitation:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	B1 NVSAPT	432,249
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:			
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	5H25PS001382-04	38,960
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	5H25PS001382-05	123,976
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	5H25PS001382-04	105,788
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	5H25PS001382-04	117,670
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:			
Maternal and Child Health Services Block Grant to the States	93.994	B04MC23393	84,380
Passed through Clark County School District (CCSD), State of Nevada:			
PPHF 2012: Community Transformation Grants - Small Communities Program financed solely by 2012 Public Prevention and Health Funds	93.737	1H75DP004286-01	<u>75,325</u>
Total Department of Health and Human Services			<u>15,130,418</u>
Department of Homeland Security			
Passed through Clark County, Nevada, Office of Emergency Management and Homeland Security:			
Homeland Security Cluster:			
Enter Cluster Title for Pass-through Grant			
Homeland Security Grant Program	97.067*	970674U10	367,466
Homeland Security Grant Program	97.067*	97067.11-U11	321,580
Homeland Security Grant Program	97.067*	97.067	<u>30,399</u>
Total Department of Homeland Security			<u>719,445</u>
Environmental Protection Agency			
Passed through Nevada Department of Health and Human Services, Nevada State Health Division:			
State Public Water System Supervision	66.432	DEP11-038	90,000
Passed through Nevada Department of Conservation and Natural Resources:			
Hazardous Waste Management State Program Support	66.801	DEP11-011	75,000

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal or Pass-through Grantor Number</u>	<u>Expenditures</u>
Passed through Nevada Department of Conservation and Natural Resources: Underground Storage Tank Prevention, Detection, and Compliance Program	66.804	DEP10-002	<u>170,000</u>
Total Environmental Protection Agency			<u>335,000</u>
Total federal expenditures			<u>\$ 16,184,863</u>

* A major program

SOUTHERN NEVADA HEALTH DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2013

Note 1. Reporting Entity

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Southern Nevada Health District (the District) under programs of the federal government for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District. The reporting entity is defined in Note 1 to the District's basic financial statements. The schedule includes all expended federal financial assistance received directly from federal agencies as well as passed through other government agencies.

Note 2. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District. All expenditures, including those passed through to subrecipients are presented on the cash basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

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

Note 3. Subrecipients

During the year ended June 30, 2013, the following awards (including amendments) were given to subrecipients:

	<u>Award Amount</u>
HIV Prevention Activities - Health Department Based (CFDA #93.940)	\$ 314,273
Family Planning Services (CFDA #93.217)	270,417
Preventive Health Services - Sexually Transmitted Diseases Control Grants (CFDA #93.977)	20,532
ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA) (CFDA #93.724)	470,139
Centers for Disease Control and Prevention - Affordable Care Act (ACA) - Communities Putting Prevention to Work (CFDA #93.520)	689,350
PPHF 2012: Community Transformation Grants - Small Communities Program financed solely by 2012 Public Prevention and Health Funds (CFDA #93.737)	16,884
Teenage Pregnancy Prevention Program (CFDA #93.297)	157,600
Maternal and Child Health Federal Consolidated Programs (CFDA #93.110)	<u>21,078</u>
Total subrecipient awards	<u>\$ 1,960,273</u>

SOUTHERN NEVADA HEALTH DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2013

Section I - Summary of Auditors' Results

Financial Statements	
Type of auditors' report issued	Unqualified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified that are not considered to be material weaknesses	Yes
Noncompliance material to financial statements	No
Federal Awards	
Internal control over major programs	
Material weaknesses identified	Yes
Significant deficiencies identified that are not considered to be material weaknesses	Yes
Type of auditors' report issued on compliance for major programs	Qualified
Audit findings required to be reported in accordance with Circular A-133, Section .510(a)	Yes
Identification of major programs	
CFDA number	93.069
Name of federal program or cluster	Public Health Emergency Preparedness
CFDA number	93.217
Name of federal program or cluster	Family Planning Services
CFDA number	93.724
	ARRA - Prevention and Wellness - Communities
	Putting Prevention to Work Funding
Name of federal program or cluster	Opportunities Announcement
CFDA number	93.940
	HIV Prevention Activities - Health Department
Name of federal program or cluster	Based
CFDA number	93.520
	Centers for Disease Control and Prevention-
	Affordable Care Act (ACA) Communities Putting
Name of federal program or cluster	Prevention to Work
CFDA number	97.067
Name of federal program or cluster	Homeland Security Grant Program
Dollar threshold used to distinguish between Type A and Type B programs	\$486,218
Auditee qualified as low-risk auditee	No

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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

2013 - 001

Criteria	Physical inventories, including perpetual, are summarized and reconciled to the general ledger and adjusted to physical counts.
Condition	Vaccine and medical supply inventory counts are performed on a monthly basis at the District's satellite clinic locations. However, accurate inventory count information is not communicated to the finance department to be used to adjust the recorded inventory balances per the general ledger.
Effect	An adjusting journal entry was proposed during the audit to increase recorded inventory balances. Specifically, general fund vaccine inventory reported in the general fund was increased by \$27,927, and the state-supplied vaccine inventory (which is only disclosed in the financial statements) was increased by \$575,695.
Cause	The controls designed to provide management with reasonable assurance that recorded vaccine inventory balances are complete and accurate did not function as intended, due to ineffective monitoring to evaluate the degree of compliance or noncompliance therewith. As a result, during fiscal 2013, accurate inventory counts from the District's satellite locations were not communicated to the finance department to accurately record inventory on hand at year end.
Recommendation	The month-end and year-end financial reporting processes should be modified to require the finance department to obtain the monthly physical inventory count sheets from all locations, which should be used as the basis for the monthly entry to adjust inventory.
Management's response	Management informed us that a policy will be developed which will include periodic inventory counts and Financial Services will reconcile and ensure that correct count totals are uploaded to the system.

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

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

2013 - 002	
Criteria	Contracts and agreements with provisions that could have a financial impact on the District are communicated to and reviewed by the finance department to ensure that they are accounted for properly and timely in the District's financial statements.
Condition	A \$330,000 legal fee cost reimbursement was misclassified as a reduction of legal fees, as opposed to settlement income.
Effect	An adjusting journal entry was proposed during the audit to reclassify the cost reimbursement income to be appropriately presented in the District's financial statements (<i>i.e.</i> , as a component of general revenues).
Cause	The policies and procedures designed to ensure that contracts and agreements with provisions that could have a financial impact on the District are properly accounted for did not function as intended, due to ineffective monitoring for compliance therewith.
Recommendation	As part of the month-end and year-end financial reporting process, all contracts and agreements executed during the period should be reviewed by the finance department to ensure they are properly accounted for and disclosed in the District's financial statements.
Management's response	Management informed us that all contacts and agreements will be reviewed for proper classification and proper accounting treatment prior to being posted.

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

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

2013 - 003

Criteria	Expenditures related to capital assets are reviewed to ensure they are accounted for in accordance with the District's capitalization policy (<i>i.e.</i> , expenditures over \$3,000 for assets with a useful life of greater than one year are required to be capitalized).
Condition	Approximately \$114,000 of repairs and maintenance expenditures that should have been capitalized were expensed.
Effect	An adjusting journal entry was proposed during the audit to record capital assets in accordance with the District's capitalization policy.
Cause	The policies and procedures designed to ensure that expenditures related to capital assets are accounted for in accordance with the District's capitalization policy did not function as intended, due to ineffective monitoring for compliance therewith.
Recommendation	As part of the month-end and year-end financial reporting process, expenditures related to capital assets should be reviewed by personnel familiar with the capitalization policy to ensure they are accounted for in accordance therewith.
Management's response	Management informed us that all invoices will be reviewed for proper classification and proper accounting treatment prior to being posted.

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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

2013 - 004 Program	CFDA #93.069: Public Health Emergency Preparedness CFDA #93.217: Family Planning Services CFDA #93.520: Centers for Disease Control and Prevention –Affordable Care Act (ACA) – Communities Putting Prevention to Work CFDA #93.724: ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA) CFDA #93.940: HIV Prevention Activities CFDA #97.067: Homeland Security Grant Program
Specific requirements	OMB Circular A-87, Attachment B, Paragraph 8h: (5) Personnel activity reports or equivalent documentation must meet the following standards: (a) They must reflect an after-the-fact distribution of the actual activity of each employee.
Condition and context	We interviewed five different employees regarding the process and method for recording time and effort on grant-related activities. Each employee interviewed indicated that time and effort reporting is based on the budgeted hours in the grant document, rather than actual time spent on grant related activities.
Questioned costs	Since records of actual time are not maintained, we are unable to quantify the amount of questioned costs (if any) related to this finding.
Effect	Grant expenditures reported to granting agencies related to payroll, fringe benefits, and indirect costs may be misstated.
Cause	There is no formal policy requiring employees to accurately track time between grant and non-grant related activities. Accordingly, we noted that employees eligible to charge time to grants are doing so based on budgeted grant hours rather than actual hours.
Recommendation	As required by OMB Circular A-87, employees that charge time to grants should do so based on actual hours spent working on grant-related activities.
Management's response	Management informed us that current timekeeping policies and procedures will be modified to address the proper recording of time for grant-related activities as required by OMB Circular A-87.

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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

2013 - 005

Program

CFDA #93.069: Public Health Emergency Preparedness
CFDA #93.217: Family Planning Services
CFDA #93.520: Centers for Disease Control and Prevention –Affordable Care Act (ACA) –
Communities Putting Prevention to Work
CFDA #93.724: ARRA - Prevention and Wellness - Communities Putting Prevention to Work
Funding Opportunities Announcement (FOA)
CFDA #93.940: HIV Prevention Activities
CFDA #97.067: Homeland Security Grant Program

Specific requirements

OMB Circular A-87, Attachment B, Paragraph 8d:
The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, sick leave, holidays, court leave, military leave, and other similar benefits, are allowable if:
(b) the costs are equitably allocated to all related activities, including Federal awards.

Condition and context

Per examination of time cards and discussion with grant employees, we noted that each employee interviewed is recording budgeted hours instead of actual hours worked on the grant-related activities. Additionally, we noted there is not a formal procedure in place to determine how to allocate the cost. Our understanding is that such benefits are charged to grant-related activities based on budgeted amounts as opposed to actual amounts. This methodology does not constitute an equitable allocation of these costs to all related activities, including Federal awards.

The time charged to grants also serves as the basis for allocating certain other indirect costs based on the application of an indirect cost charge rate (typically 9.9% for the grants tested). Accordingly, the indirect cost allocation may be misstated since the indirect cost charge rate is being applied to a base that may not be accurate due to the current process of charging time and compensated absences to grant activities.

Questioned costs

Since records of actual time are not maintained, we are unable to quantify the amount of questioned costs (if any) related to this finding.

Effect

Grant expenditures reported to granting agencies related to fringe benefits and indirect costs may be misstated.

Cause

There is no formal policy documenting how fringe benefits should be allocated between grant and nongrant activities. Accordingly, these costs are not being consistently and equitably allocated to all related activities, including those activities involving federal grant programs.

Recommendation

We recommend that a formal procedure be put in place to determine and document how certain benefits should be allocated, and that the methodology developed equitably allocate the cost of compensated absences such as annual leave, sick leave, holidays, and other similar benefits to all related activities, including activities related to federal grant programs.

Management's response

Management informed us that current timekeeping policies will be modified to address the proper recording of time for grant-related activities as required by OMB Circular A-87. The compensated absences portion of the fringe benefits, such as annual leave, sick leave, and holiday pay will be allocated in the same proportion as the actual time that is spent in the grant.

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

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

2013 - 006 Program	CFDA #93.217: Family Planning Services
Specific requirements	Program income (fees, premiums, third-party reimbursements which the project may reasonably expect to receive), as well as State, local, and other operational funding, will be used to finance the non-federal share of the scope of project as defined in the approved grant application and reflected in the approved budget. Program income and the level projected in the approved budget will be used to further program objectives.
Condition and context	Grant program administrators do not verify that program income is used to finance the non-federal share of the scope of the project or to further program objectives as delineated in the grant agreement. However, during the audit we were able to verify that sufficient funds were expended to fulfill the program income requirements delineated in the grant agreement.
Questioned costs	None.
Effect	Program income may not be used to finance the non-federal share of the scope of the project or to further program objectives.
Cause	There are no policies and procedures in place requiring that analyses be performed to verify that program income is being used to finance the non-federal share of the scope of the project or to further program objectives.
Recommendation	We recommend that policies and procedures be designed and implemented requiring that analyses be prepared and reviewed periodically (no less frequently than annually) to verify that program income is used to finance the non-federal share of the scope of the project or to further program objectives.
Management's response	Management informed us that although there is no written policy, the District's practice has been that all program income is used to further program objectives. Going forward, policies and procedures will be implemented to require that analyses are performed on a monthly basis to verify that program income is used to finance the non-federal share of the scope of the project or to further program objectives.

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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

2013 - 007

Program

CFDA #93.217: Family Planning Services

Specific requirements

The Federal Funding Accountability and Transparency Act (Transparency Act) requires specific information to be reported using the OMB website (www.USAspending.gov) for "first-tier" subawards. First-tier subawards are defined as Non-Recovery Act funding received directly from a federal agency in excess of \$25,000 that are passed through to a subrecipient.

Condition and context

Information regarding one subaward that was subject to the reporting requirements of the Transparency Act was not reported to <http://www.fsr.gov>.

Questioned costs

None.

Effect

The District is not in compliance with the requirements of the Transparency Act.

Cause

Management was not aware of the additional reporting requirements required by the Transparency Act and accordingly, there are no policies and procedures in place requiring monitoring for compliance therewith.

Recommendation

We recommend that policies and procedure be designed and implemented requiring that all subawards be reviewed to determine whether the Transparency Act is applicable, and if so, that the required information is submitted timely.

Management's response

Management informed us that policies and procedures will be implemented to require that all sub-awards subject to the Transparency Act are reported to <http://www.fsr.gov>, in accordance with the reporting requirements of the Transparency Act.

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

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

2013 - 008
Program

CFDA #93.217: Family Planning Services
CFDA #93.940: HIV Prevention Activities
CFDA #93.520: Centers for Disease Control and Prevention – Affordable Care Act (ACA) –
Communities Putting Prevention to Work
CFDA #93.724: ARRA - Prevention and Wellness - Communities Putting Prevention to Work
Funding Opportunities Announcement (FOA)

Specific requirements

2 CFR § 25.200 Requirements for program announcements, regulations, and application instructions.

(a) Each agency that awards types of Federal financial assistance included in the definition of “award” in § 25.305 must include the requirements described in paragraph (b) of this section in each program announcement, regulation, or other issuance containing instructions for applicants that either:

- (1) Is issued on or after the effective date of this part; or
- (2) Has application or plan due dates after October 1, 2010.

(b) The program announcement, regulation, or other issuance must require each entity that applies and does not have an exemption under § 25.110 to:

- (1) Be registered in the CCR prior to submitting an application or plan;
- (2) Maintain an active CCR registration with current information at all times during which it has an active Federal award or an application or plan under consideration by an agency; and
- (3) Provide its DUNS number in each application or plan it submits to the agency.

OMB Circular A-133, Subpart D—Federal Agencies and Pass- Through Entities, § __.400 Responsibilities.

(d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:

- (1) Identify Federal awards made by informing each subrecipient of the CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.
- (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- (4) Ensure that subrecipients expending \$300,000 (\$500,000 for fiscal years ending after December 31, 2003) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.
- (5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.
- (6) Consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records.

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Condition and context	<p><i>CFDA #93.217.</i> We noted that the only subaward agreement was executed with a subrecipient that has never applied for a DUNS number. In addition, the the CFDA number and the Central Contractor Registration (CCR) requirements were not disclosed in the subaward agreement. Lastly, procedures were not performed to monitor the subrecipient's treatment of program income or to verify the accuracy of the subrecipient's performance reports.</p> <p><i>CFDA #93.940.</i> We noted that the award number was not disclosed in the subaward agreement selected for testing. In addition, procedures were not performed to monitor allowability of costs, level of effort and period of availability at the subrecipient level.</p> <p><i>CFDA #93.724.</i> The two subaward agreements tested did not disclose the CFDA title and number. In addition, single audit reports were not reviewed for the two subrecipients tested. As a result, findings that were noted in one of the subrecipient's single audit report were not identified. Lastly, procedures were not performed to monitor the subrecipients' compliance with allowable cost principles, procurement requirements, and reported progress.</p> <p><i>CFDA #93.520.</i> For the three subawards tested, the subrecipient's DUNS number was not obtained at the time the subaward agreements were executed, and have not been obtained to date. In addition, the subaward agreements do not disclose the CFDA number. Furthermore, single audit reports were not reviewed and as a result, findings that were noted in one of the subrecipient's single audit report were not identified. Lastly, procedures were not performed to monitor two of the subrecipients' compliance with allowable cost principles, procurement requirements, and reported progress.</p>
Questioned costs	None
Effect	The District is not in compliance with the federal grant requirements pertaining to the issuance of subawards, subaward disclosures and subrecipient monitoring.
Cause	There is no formal subrecipient monitoring policy in place to guide those charged with the monitoring and oversight function. In addition, no policies and procedures are in place to require subaward agreements to be reviewed to ensure they contain the necessary information and disclosures.
Recommendation	We recommend that formal subrecipient monitoring policies be drafted and adopted. The policies should include risk-based guidance on which subrecipients should be tested and the various procedures to be performed to provide reasonable assurance that subaward documentation and subrecipient activities are in compliance with the requirements of the applicable grants.
Management's response	Management informed us that a formal sub-recipient monitoring policy will be drafted and adopted. The policies would include risk-based guidance on which sub-recipients would be tested and the various procedures to be performed to provide reasonable assurance that sub-recipients are maintaining compliance with the requirements of the various grants.

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

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

2013 - 09	
Program	CFDA #93.069: Public Health Emergency Preparedness
Specific requirements	Performance and special reports are complete and accurate.
Condition and context	End of year progress reports did not include the amounts expended in several different performance areas as required.
Questioned costs	None
Effect	The end-of-year progress reports submitted were not complete and accurate.
Cause	The review and approval process related to special reporting did not detect that the end-of-year progress reports were not complete and accurate. In this case, the expenditure numbers were not finalized until after the submission deadline for the end-of-year progress report, and therefore, no expenditures were reported.
Recommendation	End-of-year progress reports should be submitted timely and report the most up to date expenditure numbers available at the time of submission is required to be filed.
Management's response	Management informed us that the District will use the most up to date expenditure numbers for the report at the time of submission if the expenditures for the program are not finalized by the report deadline.

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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

2013 - 010 Program	CFDA #93.724: ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)
Specific requirements	<p>AMERICAN RECOVERY AND REINVESTMENT ACT SEC. 1512. REPORTS ON USE OF FUNDS.</p> <p>(c) RECIPIENT REPORTS.—Not later than 10 days after the end of each calendar quarter, each recipient that received recovery funds from a Federal agency shall submit a report to that agency that contains—</p> <p>(1) the total amount of recovery funds received from that agency;</p> <p>(2) the amount of recovery funds received that were expended or obligated to projects or activities; and</p> <p>(3) a detailed list of all projects or activities for which recovery funds were expended or obligated, including—</p> <p>(A) the name of the project or activity;</p> <p>(B) a description of the project or activity;</p> <p>(C) an evaluation of the completion status of the project or activity;</p> <p>(D) an estimate of the number of jobs created and the number of jobs retained by the project or activity; and</p> <p>(E) for infrastructure investments made by State and local governments, the purpose, total cost, and rationale of the agency for funding the infrastructure investment with funds made available under this Act, and name of the person to contact at the agency if there are concerns with the infrastructure investment.</p> <p>(4) Detailed information on any subcontracts or subgrants awarded by the recipient to include the data elements required to comply with the Federal Funding Accountability and Transparency Act of 2006 (Public Law 109-282), allowing aggregate reporting on awards below \$25,000 or to individuals, as prescribed by the Director of the Office of Management and Budget.</p>
Condition and context	<p>The ARRA 1512 report for the quarter ended June 2013, was mistakenly submitted to www.recovery.gov for the quarter ended March 2013. As a result, per examination of the recovery.gov website, the ARRA 1512 report for the quarter ended March 2013 is no longer listed, while the ARRA 1512 report for the quarter ended June 2013 is listed under the caption of January through March 2013.</p> <p>Additionally, we noted that subaward expenditures were incorrectly reported for one subaward on one ARRA 1512 report.</p>
Questioned costs	None.
Effect	The District is not in compliance with the ARRA 1512 reporting requirements.
Cause	There is no formal review and approval process related to ARRA 1512 reports.
Recommendation	A formal review and approval process should be designed and implemented related to ARRA 1512 reports, assigning at least one individual the responsibility of reviewing and approving ARRA 1512 reports and requiring review and approval to be documented in the form of signature.
Management's response	Management informed us that there was a formal review and approval process implemented related to ARRA 1512 reports and a Project Coordinator had the responsibility of reviewing and approving ARRA 1512 reports. Due to the ending of CPPW grant, the services of the Project Coordinator were terminated effective April 30, 2013. In the event that similar grants will be received by SNHD in the future, a formal review and approval process will be put in place and a Project Coordinator will be assigned the responsibility of reviewing and approving ARRA 1512 as well as documenting the process performed in the form of a signature.

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

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

2013 - 011 Program	CFDA #93.069: Public Health Emergency Preparedness CFDA #93.520: Centers for Disease Control and Prevention – Affordable Care Act (ACA) – Communities Putting Prevention to Work CFDA #93.724: ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA) CFDA #93.940: HIV Prevention Activities
Specific requirements	The District's policies and procedures require grant accountants to review documentation supporting grant expenditures, and initial the grant general ledger code on the face of the payment voucher, face of the purchase order (if applicable) or supporting documentation as evidence of their review.
Condition and context	The documentation for several grant expenditures did not include evidence of grant accountant review. Specifically, the following is a summary of the expenditures noted that lacked evidence of grant accountant review, along with the total number of items tested: <i>CFDA #93.069. 7 exceptions out of 53 expenditures tested.</i> <i>CFDA #93.520. 6 exceptions out of 41 expenditures tested.</i> <i>CFDA #93.724. 3 exceptions out of 39 expenditures tested.</i> <i>CFDA #93.940. 4 exceptions out of 42 expenditures tested.</i>
Questioned costs	None.
Effect	Grant expenditures may not have been properly reviewed for allowability and period of availability, resulting in potentially unallowable costs or items incurred outside the period of availability.
Cause	The policies and procedures requiring grant accountants to review documentation supporting grant expenditures did not function as intended, due to ineffective monitoring for compliance therewith.
Recommendation	We recommend grant accountants follow current policy and that mangagment reviews grant accountant sign-off in their review of disbursements.
Management's response	Management informed us that it will make sure Grant Accountants follow current policy and sign-off their review of disbursements.

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

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

2013 - 012	
Program	CFDA #97.067: Homeland Security Grant Program
Specific requirements	The grant agreement specifies that property records must contain description (including serial number or other identification number), source, who holds title, acquisition date and cost, percentage of Federal participation in the cost, location, condition, and disposition data.
Condition and context	Property records for six of 24 pieces of equipment acquired with funding from this program do not delineate who holds title, the percentage of Federal participation in the cost, or the condition of the equipment in accordance with the requirements of the grant agreement.
Questioned costs	None.
Effect	Property records for the aforementioned equipment are not in compliance with the grant requirements, and the equipment may not be distinguishable from other equipment acquired with non-Federal funds.
Cause	The policies and procedures requiring property records to contain the information required by the grant agreement did not function as intended, due to ineffective monitoring for compliance therewith.
Recommendation	Property records should be reviewed at least quarterly by those charged with compliance to verify that the required information has been documented, and that the documented information is up-to-date (e.g., the condition of the equipment).
Management's response	Management informed us that property records shall reflect all information required by the grant agreement.

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

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

2013 - 013 Program	CFDA #93.520: Centers for Disease Control and Prevention –Affordable Care Act (ACA) – Communities Putting Prevention to Work CFDA #93.724: ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)
Specific requirements	<p>Circular A-133 § __.210 Subrecipient and vendor determinations.</p> <p>(b) Federal award. Characteristics indicative of a Federal award received by a subrecipient are when the organization:</p> <ul style="list-style-type: none"> (1) Determines who is eligible to receive what Federal financial assistance; (2) Has its performance measured against whether the objectives of the Federal program are met; (3) Has responsibility for programmatic decision making; (4) Has responsibility for adherence to applicable Federal program compliance requirements; and (5) Uses the Federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity. <p>(c) Payment for goods and services. Characteristics indicative of a payment for goods and services received by a vendor are when the organization:</p> <ul style="list-style-type: none"> (1) Provides the goods and services within normal business operations; (2) Provides similar goods or services to many different purchasers; (3) Operates in a competitive environment; (4) Provides goods or services that are ancillary to the operation of the Federal program; and (5) Is not subject to compliance requirements of the Federal program. <p>The notes to the schedule of expenditures of federal awards (SEFA) appropriately identifies awards given to subrecipients during the fiscal year.</p>
Condition and context	Two subrecipients were improperly omitted and five vendors were improperly treated and disclosed as subrecipients in the notes to the SEFA.
Questioned costs	None.
Effect	The notes to the schedule of expenditures of federal awards inappropriately listed vendors as subrecipients. In addition, vendors could potentially be subjected to subrecipient monitoring procedures, which are unnecessary in the circumstances.
Cause	Controls designed to provide reasonable assurance that vendor / subrecipient determinations are accurate did not function as intended, due to ineffective monitoring for compliance therewith.
Recommendation	We recommend that a checklist be developed using the criteria delineated in Circular A-133 § __.210, and implemented to assist in the determination of vendors versus subrecipients.
Management's response	Management informed us that a checklist has been developed using the criteria delineated in Circular A-133 § __.210 and implemented to assist in the determination of vendors versus sub-recipients.

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

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

2013 - 014	
Program	CFDA #97.067: Homeland Security Grant Program
Specific requirements	The schedule of expenditures of federal awards (SEFA) is complete and accurate.
Condition and context	Approximately \$230,000 of non-federal expenditures were incorrectly reported in the fiscal 2013 SEFA, and approximately \$22,000 of non-reimbursable expenditures were incorrectly included in the SEFA. In addition, approximately \$67,000 of expenditures were incorrectly excluded from the fiscal 2013 SEFA, due to cut-off errors.
Questioned costs	None.
Effect	The SEFA was not complete and accurate, and as a result, adjustments to the SEFA were proposed during the audit to correct the errors noted.
Cause	Controls designed to provide reasonable assurance that the SEFA is complete and accurate did not function as intended, due to ineffective monitoring for compliance therewith.
Recommendation	The review and approval process related to the preparation of the SEFA should be redesigned to provide better assurance that the SEFA is complete and accurate.
Management's response	Management informed us that the SEFA will be prepared by Grant Accountant; reviewed by Accounting Supervisor; and approved by Financial Services Manager before submission to the requesting party.

SOUTHERN NEVADA HEALTH DISTRICT

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2012

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

2012 - 001

Criteria	Physical inventories, including perpetual, are summarized and reconciled to the general ledger and adjusted to physical counts.
Condition	Vaccine and medical supply inventory counts are performed on a monthly basis at the District's satellite clinic locations. However, the inventory count information is not communicated to the finance department to be used in the calculation of ending inventory balances per the general ledger.
Effect	As of and for the year ended June 30, 2011, inventory in the general fund was understated, and expenditures were overstated, by \$1,717,608, which resulted in a prior period adjustment. As of and for the year ended June 30, 2012, inventory in the general fund was understated, and expenditures were overstated, by \$441,518, which resulted in a current year audit adjustment.
Cause	Inventory counts from the District's satellite locations are not communicated to the accounting department to accurately record inventory on hand at year end. Rather, inventory transferred to satellite locations is immediately recorded as an expenditure in the general fund, regardless of whether amounts may still be on hand at the satellite locations at year end.
Current status	Not corrected. See finding 2013-001.

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT
SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

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

2012 - 002	
Criteria	Year-end journal entries are necessary to properly allocate payroll liabilities between governmental and business-type activities.
Condition	The required entry to allocate payroll liabilities between funds was not recorded at year end.
Effect	A \$628,610 adjusting journal entry was required to properly allocate payroll liabilities between governmental and business-type activities.
Cause	The controls designed to ensure that the year-end payroll allocation entries are properly posted did not function as intended, due to ineffective monitoring for compliance therewith.
Current status	Not corrected. An audit adjustment of \$35,474 to properly allocate payroll and related liabilities between governmental and business-type activities. This adjustment was considered immaterial and is therefore not included in the schedule of findings and questioned costs.

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

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

2012 - 003 Program	CFDA #93.297: Teenage Pregnancy Prevention Program CFDA #93.520: Centers for Disease Control and Prevention – Affordable Care Act (ACA) – Communities Putting Prevention to Work CFDA #93.724: ARRA - Prevention and Wellness – Communities Putting Prevention to Work Funding Opportunities Announcement (FOA) CFDA #93.914: HIV Emergency Relief Project Grants CFDA #93.268 and #93.712: Immunization Grants
Specific requirements	OMB Circular A-87, Attachment B, Paragraph 8h: (5) Personnel activity reports or equivalent documentation must meet the following standards: (a) They must reflect an after-the-fact distribution of the actual activity of each employee.
Condition and context	We interviewed five different employees regarding the process and method for recording time and effort on grant-related activities. Each employee interviewed indicated that time and effort reporting is based on the budgeted hours in the grant document, rather than actual time spent on grant related activities.
Questioned costs	Since records of actual time are not maintained, we are unable to quantify the amount of questioned costs (if any) related to this finding.
Effect	Grant expenditures reported to granting agencies related to payroll, fringe benefits, and indirect costs may be misstated.
Cause	There is no formal policy requiring employees to accurately track time between grant and non-grant related activities. Accordingly, we noted that employees eligible to charge time to grants are doing so based on budgeted grant hours rather than actual hours.
Current status	Not corrected. See finding 2013-004.

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

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

2012 - 004

Program

CFDA #93.297: Teenage Pregnancy Prevention Program
CFDA #93.520: Centers for Disease Control and Prevention – Affordable Care Act (ACA) – Communities Putting Prevention to Work
CFDA #93.724: ARRA - Prevention and Wellness – Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)
CFDA #93.914: HIV Emergency Relief Project Grants
CFDA #93.268 and #93.712: Immunization Grants

Specific requirements

OMB Circular A-87, Attachment B, Paragraph 8d:
The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, sick leave, holidays, court leave, military leave, and other similar benefits, are allowable if:
(b) the costs are equitably allocated to all related activities, including Federal awards.

Condition and context

Per examination of time cards and discussion with grant employees, we noted that each employee interviewed is recording budgeted hours instead of actual hours worked on the grant-related activities. Additionally, we noted there is not a formal procedure in place to determine how to allocate the cost. Our understanding is that such benefits are charged to grant-related activities based on budgeted amounts as opposed to actual amounts. This methodology does not constitute an equitable allocation of these costs to all related activities, including Federal awards.

The time charged to grants also serves as the basis for allocating certain other indirect costs based on the application of an indirect cost charge rate (typically 9.9% for the grants tested). Accordingly, the indirect cost allocation may be misstated since the indirect cost charge rate is being applied to a base that may not be accurate due to the current process of charging time and compensated absences to grant activities.

Questioned costs

Since records of actual time are not maintained, we are unable to quantify the amount of questioned costs (if any) related to this finding.

Effect

Grant expenditures reported to granting agencies related to fringe benefits and indirect costs may be misstated.

Cause

There is no formal policy documenting how fringe benefits should be allocated between grant and nongrant activities. Accordingly, these costs are not being consistently and equitably allocated to all related activities, including those activities involving federal grant programs.

Current status

Not corrected. See finding 2013-005.

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

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

2012 - 005 Program	CFDA #93.914: HIV Emergency Relief Project Grants
Specific requirements	Procedures are in place to ensure the accuracy and completeness of data used to determine eligibility requirements.
Condition and context	<p>On two different occasions, the District had incorrect EIS eligibility dates for a patient. The EIS eligibility date is the initial six month period of receiving services prior to completing formal eligibility documentation. In both cases, the incorrect EIS date was later than the true end date of EIS eligibility, and therefore, these patients were incorrectly listed as being eligible for additional services. Although we did not note any ineligible patients that received services during our testing, it is a control deficiency that could have resulted in noncompliance with the eligibility provisions of the grant.</p> <p>This finding was also reported in 2011.</p>
Questioned costs	Questioned costs are undeterminable but would be limited to a portion of the hourly wages of the employees who provide the services to ineligible patients, the supplies consumed and a percentage of the overhead allocated to the grant program for ineligible patients.
Effect	Patients could have received care beyond their EIS eligibility date.
Cause	Controls over the determination of participant eligibility did not function as intended, due to ineffective monitoring for compliance therewith.
Current status	Corrected

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

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

2012 - 006
Program

CFDA #93.520: Centers for Disease Control and Prevention – Affordable Care Act (ACA) – Communities Putting Prevention to Work
CFDA #93.724: ARRA - Prevention and Wellness – Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)

Specific requirements

OMB Circular A-133, Subpart B—Audits, § __.210 Subrecipient and Vendor Determinations
(e) For-profit subrecipient. Since this part does not apply to for-profit subrecipients, the pass-through entity is responsible for establishing requirements, as necessary, to ensure compliance by for-profit subrecipients. The contract with the for-profit subrecipient should describe applicable compliance requirements and the for-profit subrecipient's compliance responsibility. Methods to ensure compliance for Federal awards made to for-profit subrecipients may include pre-award audits, monitoring during the contract, and post-award audits.

OMB Circular A-133, Subpart D—Federal Agencies and Pass- Through Entities, § __.400 Responsibilities.
(d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:
(1) Identify Federal awards made by informing each subrecipient of the CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.
(3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
(4) Ensure that subrecipients expending \$300,000 (\$500,000 for fiscal years ending after December 31, 2003) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.
(5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.
(6) Consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records.

Condition and context

We noted that there is no formal subrecipient monitoring policy in place at the District and that subrecipient monitoring is performed on a discretionary basis. Because of this, the extent and timing of subrecipient monitoring is inconsistent, not well documented and is often insufficient. Subrecipient monitoring at the District is typically performed through review of reimbursement requests and additional detail testing, which is performed through site visits or through electronic transmission of detailed supporting documentation. Only summary-level information is provided by subrecipients as supporting documentation for reimbursement requests, which we believe is not sufficient to determine that federal awards are being used by the subrecipient for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements.

Our testing of subrecipients revealed the following:

Subaward agreements do not disclose the CFDA title and number of the related federal program; Although the single audit compliance report was obtained for the Clark County School District (CCSD), the District did not review the report to determine if their subaward was listed (it was not). Accordingly, the District's subaward was not subject to compliance testing as part of the CCSD annual A-133 compliance audit;

The single audit compliance report was not requested for City of Henderson. Although the subaward to the City of Henderson was less than \$500,000, the City is still subject to an annual A-133 compliance audit;

We examined a sample of subrecipient agreements for CFDA #93.520 and CFDA #93.724 and noted various issues with the monitoring process for each.

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

Questioned costs	None.
Effect	Subrecipients may not be aware that they may be subject to federal grant compliance requirements, which may result in noncompliance with such requirements. In addition, the District may not detect circumstances in which federal awards passed through to subrecipients are not used for authorized purposes in compliance with applicable laws, regulations, and the provisions of contracts or grant agreements.
Cause	There is no formal subrecipient monitoring policy in place to guide those charged with the monitoring and oversight function.
Current status	Not corrected. See finding 2013-014.

(Continued)

SOUTHERN NEVADA HEALTH DISTRICT

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

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

2012 - 007	
Program	CFDA #93.914: HIV Emergency Relief Project Grants
Specific requirements	<p>Circular A-133 § __, 210 Subrecipient and vendor determinations.</p> <p>(b) Federal award. Characteristics indicative of a Federal award received by a subrecipient are when the organization:</p> <ul style="list-style-type: none">(1) Determines who is eligible to receive what Federal financial assistance;(2) Has its performance measured against whether the objectives of the Federal program are met;(3) Has responsibility for programmatic decision making;(4) Has responsibility for adherence to applicable Federal program compliance requirements; and(5) Uses the Federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity. <p>(c) Payment for goods and services. Characteristics indicative of a payment for goods and services received by a vendor are when the organization:</p> <ul style="list-style-type: none">(1) Provides the goods and services within normal business operations;(2) Provides similar goods or services to many different purchasers;(3) Operates in a competitive environment;(4) Provides goods or services that are ancillary to the operation of the Federal program; and(5) Is not subject to compliance requirements of the Federal program.
Condition and context	We noted that four vendors were misclassified as subrecipients for CFDA #93.914. We examined all contractors related to CFDA #93.914 for proper classification as a subrecipient or vendor.
Questioned costs	None.
Effect	The notes to the schedule of expenditures of federal awards inappropriately listed vendors as subrecipients. In addition, vendors could potentially be subjected to subrecipient monitoring procedures, which are unnecessary in the circumstances.
Cause	Controls designed to provide reasonable assurance that vendor / subrecipient determinations are accurate did not function as intended, due to ineffective monitoring for compliance therewith.
Current status	Not corrected. See finding 2013-014.

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