



November 3, 2021

To the Board of Health and
Director of Administration
Southern Nevada Health District
Las Vegas, Nevada

This letter is provided in connection with our engagement to audit the financial statements and to audit compliance over major federal award programs of Southern Nevada Health District as of and for the year ended June 30, 2021. Professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit, the compliance audit, and the planned scope and timing of our audits.

As stated in our engagement letter dated October 28, 2021, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), *Government Auditing Standards* of the Comptroller General of the United States of America, the requirements of the Single Audit Act, as amended; and the provisions of the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), for the purpose of forming and expressing opinions on the financial statements and on major federal award program compliance. Our audits do not relieve you or management of your respective responsibilities.

Our responsibility as it relates to the schedule of expenditures of federal awards is to evaluate its presentation for the purpose of forming and expressing an opinion as to whether it is presented fairly in all material respects in relation to the financial statements as a whole.

Our responsibility as it relates to other supplementary information, is to evaluate its presentation for the purpose of forming and expressing an opinion as to whether the information is fairly stated in all material respects in relation to the financial statements as a whole, when applicable.

Our audits will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Our audit procedures will also include determining major federal programs and performing the applicable procedures described in the U.S. Office of Management and Budget *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or material noncompliance may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS, *Government Auditing Standards* of the Comptroller General of the United States of America, the requirements of the Single Audit Act, as amended; and the provisions of the Uniform Guidance.

Our audits will include obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements, the risk of material noncompliance in the major federal award programs, and as a basis for designing the nature, timing, and extent of further audit procedures. However, we will communicate to you at the conclusion of our audit, significant matters that are relevant to your responsibilities in overseeing the financial reporting process, including any material weaknesses, significant deficiencies, and violation of laws or regulations that come to our attention. Our responsibility as auditors is, of course, limited to the period covered by our audit and does not extend to any other periods.

We expect to begin our audit on approximately August 2021 and to issue our reports in November 2021.

This information is intended solely for the information and use of the Board of Health and Director of Administration and management of Southern Nevada Health District and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Las Vegas, Nevada

[REPORT DATE]

To the Board of Health
Southern Nevada Health District
Las Vegas, NV

We have audited the financial statements of Southern Nevada Health District as of and for the year ended June 30, 2021, and have issued our report thereon dated [REPORT DATE]. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards*

As communicated in our letter dated November 3, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the Southern Nevada Health District complied with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Southern Nevada Health District major federal programs. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Southern Nevada Health District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated [REPORT DATE].

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Southern Nevada Health District are described in Note 1 to the financial statements. As described in Note 1, Southern Nevada Health District changed accounting policies related to accounting for fiduciary activities to adopt the provisions of GASB Statement No. 84, *Fiduciary Activities*. Accordingly, the accounting change has been retrospectively applied to the financial statements beginning July 1, 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Other postemployment benefit plans' actuarial accrued liabilities
- Pension plans' actuarial accrued liabilities

We evaluated the key factors and assumptions used to develop the estimates described above in determining that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Southern Nevada Health District's financial statements relate to:

The disclosures associated with the defined benefit pension plan and the other post-employment benefits. These are sensitive because they represent a significant percentage of the liabilities presented on the statement of net position.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.

The following summarizes misstatements that we identified as a result of our audit procedures and were brought to the attention of, and corrected by, management.

| | |
|--|----------|
| Overstatement of revenues in the Special Revenues Funds | \$88,328 |
| Understatement of unearned revenue in the Special Revenue Fund | \$88,328 |
| Understatement of General Fund expenses | \$19,868 |
| Overstatement of Capital Project Fund interfund liabilities | \$10,223 |
| Understatement of Bond Reserve Fund interfund receivable | \$9,645 |
| Overstatement of General Fund interfund receivable | \$19,868 |
| Understatement of Capital Project Fund accounts payable | \$10,223 |
| Overstatement of Bond Reserve Fund accounts payable | \$9,645 |

The following summarizes uncorrected financial statement misstatements whose effects in the current period is immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

| | |
|---|----------|
| Overstatement of current year inventory | \$54,830 |
| Understatement of current year expenditures | \$54,830 |
| Overstatement of current year accounts receivable | \$65,062 |
| Overstatement of current year revenues | \$65,062 |

The effect of these uncorrected misstatements for the year ended June 30, 2021, is an overstatement of net income in the General Fund and Governmental Activities of approximately \$109,453, and overstatement of fund balance in the General Fund and Governmental Activities net position of \$109,453.

In addition, in conjunction with the adoption of GASB 84, management has elected to forgo presenting a separate footnote disclosure for the \$10,439 restatement of beginning fiduciary net position for the Employee Events Fund, and has instead presented limited restatement disclosures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management that are included in the management representation letter dated [REPORT DATE].

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Southern Nevada Health District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Southern Nevada Health District's auditors.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing Southern Nevada Health District's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Modification of the Auditor's Report

We expect to make the following modification to our auditor's report.

We will be including the addition of an emphasis of a matter paragraph related to the District's adoption and implementation of GASB 84. Our opinions on the District's financial statements are not modified with respect to this matter.

This report is intended solely for the information and use of the Board of Health and management of Southern Nevada Health District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Las Vegas, Nevada

DRAFT

Financial Statements
June 30, 2021

Southern Nevada Health District

Draft

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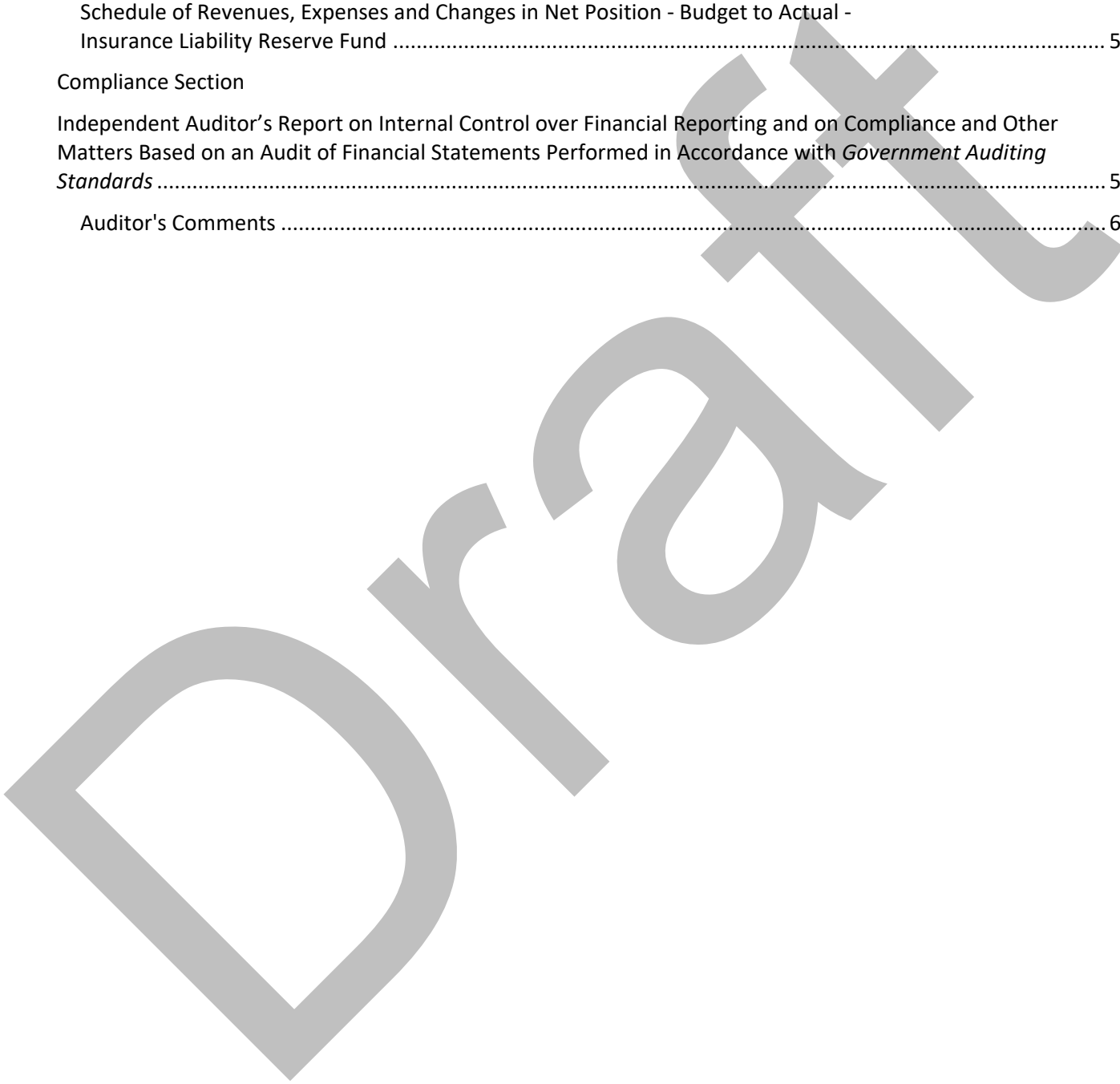
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Financial Section
June 30, 2021

Southern Nevada Health District

Draft

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southern Nevada Health District (the Health District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Health District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Health District, as of June 30, 2021, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Health District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13 as well as the respective budgetary comparison for the General Fund and the Special Revenue Fund, the schedules of changes in the Health District's total OPEB liability and related ratios, the schedule of the Health District's proportionate share of the net pension liability, and the schedule of District contributions for the Health District's defined benefit pension plan on pages 48 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and pension and OPEB trend data in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the budgetary comparison information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Health District's basic financial statements. The individual fund schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated **November XX, 2021** on our consideration of the Health District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Health District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Health District's internal control over financial reporting and compliance.

Las Vegas, Nevada
DATE

Management's Discussion and Analysis
June 30, 2021

Southern Nevada Health District

Draft

As members of the Southern Nevada Health District's management, we offer the readers of the financial statements of Southern Nevada Health District (Health District) this narrative overview and analysis of the financial activities of the Health District for the fiscal year ended June 30, 2021.

Financial Highlights

The Health District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$39,612,022. Of this amount, unrestricted net position could be used to meet the government's on-going obligations to citizens and creditors, if it were a positive number.

The Health District's total net position increased by \$6,819,980, primarily due to the increase of special revenue from COVID-19 pandemic response efforts.

The Health District's total revenue increased by \$41,214,012, This was primarily driven by the pandemic response in the special revenue fund. Expenses increased by \$30,788,845, which reflects the costs of the pandemic response/outreach initiatives including but not limited to vaccine, testing, and contact tracing efforts.

Overview of the Financial Statements

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

Government-wide financial statements

Fund financial statements

Notes to financial statements

This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the Health District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). There were no business-type activities in 2021. The governmental activities of the Health District are comprised of the following divisions:

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

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

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

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

The government-wide financial statements can be found beginning on page 14 of this report.

Fund Financial Statements

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

Governmental funds

Proprietary funds

Fiduciary funds

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources, as well as on balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing the Health District's near-term financing requirements.

Governmental Funds

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Health District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Health District maintains two 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 and special revenue fund, all of which are considered to be major funds.

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

The basic governmental fund financial statements can be found beginning on page 16 of this report.

Proprietary Fund

As of June 30, 2021, the Health District only maintains an internal service fund:

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The internal service fund is a single, aggregated presentation in the proprietary fund financial statements. The basic proprietary fund financial statements can be found beginning on page 20 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the Health District's own programs. The Health District created an Employee Events Fund in July 2015 to manage funds collected by employees to be managed and used by and for employees.

Notes to the Financial Statements

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

The notes to the financial statements can be found beginning on page 25 of this report.

Other Information

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

Required supplementary information can be found beginning on page 48 of this report.

Government-wide Overall Financial Analysis

Summary Statement of Net Position

| | Governmental Activities | |
|----------------------------------|-------------------------|------------------------|
| | 2021 | 2020 |
| Assets | | |
| Current and other assets | \$ 53,082,255 | \$ 42,107,452 |
| Net capital assets | 27,739,485 | 27,079,094 |
| Total assets | <u>80,821,740</u> | <u>69,186,546</u> |
| Deferred Outflows | <u>21,197,014</u> | <u>17,140,401</u> |
| Liabilities | | |
| Short-term liabilities | 16,284,135 | 13,380,419 |
| Long-term liabilities | 110,322,161 | 99,784,154 |
| Total liabilities | <u>126,606,296</u> | <u>113,164,573</u> |
| Deferred Inflows | <u>15,024,480</u> | <u>19,594,376</u> |
| Net Position | | |
| Net investment in capital assets | 27,739,485 | 27,079,094 |
| Restricted | 311,088 | 292,583 |
| Unrestricted | (67,662,595) | (73,803,679) |
| Total net position | <u>\$ (39,612,022)</u> | <u>\$ (46,432,002)</u> |

Total unrestricted net position represents negative 171% of total net position of Governmental Activities and is not available to meet the Health District's ongoing obligations to citizens and creditors. The remainder of the Health District's net position reflects its investment in capital assets (e.g., land, buildings, equipment, vehicles, infrastructure) and funds restricted for grants and insurance liability reserve. The Health District uses these capital assets to provide a variety of services to citizens. Accordingly, these assets are not available for future spending.

The Health District's total net position increased by \$6,819,980 primarily due to increased operating grants and contributions.

Summary Statement of Changes in Net Position

| | Governmental Activities | |
|---------------------------------------|-------------------------|------------------------|
| | 2021 | 2020 |
| Revenues | | |
| Program Revenues | | |
| Charges for services | \$ 42,086,660 | \$ 42,978,314 |
| Operating grants and contributions | 61,456,157 | 20,194,564 |
| General Revenues | | |
| Property tax allocation | 26,169,886 | 23,820,035 |
| Other income | 821,759 | 1,318,441 |
| Unrestricted investment income (loss) | 88,476 | 1,312,965 |
| Total Revenues | <u>130,622,938</u> | <u>89,624,319</u> |
| Expenses | | |
| Public health | | |
| Clinical services | 45,158,133 | 35,337,389 |
| Environmental health | 23,094,986 | 22,580,630 |
| Community health | 42,328,165 | 23,603,772 |
| Administration | 13,221,674 | 9,133,911 |
| Total Expenses | <u>123,802,958</u> | <u>90,655,702</u> |
| Change in Net Position | 6,819,980 | (1,031,383) |
| Net Position, Beginning | <u>(46,432,002)</u> | <u>(45,400,619)</u> |
| | <u>\$ (39,612,022)</u> | <u>\$ (46,432,002)</u> |

Governmental Activities

During the current fiscal year, net position for governmental activities increased \$6,819,980 from the 2020 fiscal year to an ending balance of negative \$39,612,022.

Financial Analysis of Governmental Funds

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

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

At June 30, 2021, the Health District's governmental funds reported combined fund balances of \$41,822,161, an increase of \$8,666,004 in comparison with the prior year. Approximately 78%, or \$32,416,885 of this amount constitutes unassigned fund balance, which is available for spending at Health District's discretion. The remainder of governmental fund balance is classified as follows: \$ 1,338,789 is non-spendable; \$6,583,827 is assigned to capital project improvements; restricted funds of \$222,088 is Grant-related; \$1,260,572 is assigned to administrative projects.

The General Fund is the chief operating fund of the Health District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$32,717,130, while the total fund balance is \$35,304,646. As a measure of operating liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total combined general fund and special revenue fund expenditures.

Unassigned fund balance represents approximately 27% of total combined general fund and special revenue fund expenditures and transfers, while total governmental fund balance represents approximately 34% of the total governmental expenditures and transfers. The Health District's general fund balance increased by \$5,195,500 during the current fiscal year, attributable to increased revenue and property tax allocation.

Other governmental funds consist of the Special Revenue Fund, the Bond Reserve Fund (also known as Building Fund) and the Capital Projects Fund. The Special Revenue Fund was created in fiscal year 2016 to account for the grant funds the Health District receives and has a non-spendable and restricted fund balance of \$233,933. The Bond Reserve Fund was approved by the Board of Health on March 27, 2008, so that the Health District will be able to pay bonded debt in the event that Clark County issues bonds on behalf of the Health District in order to fund a new facility replacement for the main campus. On December 16, 2010, the Southern Nevada District Board of Health amended the original purpose of the Bond Reserve Fund to allow the Board of Health to utilize the resources of the debt service fund for any identifiable projects at the discretion of the Board that benefit the public health of Clark County.

The Bond Reserve and capital funds have an assigned fund balance of \$6,583,827 at the end of the current fiscal year, which increased by \$669,681 as compared to the prior fiscal year. This not a significant increase from the prior year.

Fund Revenues by Source:

| | 2021 | | 2020 | | Increase (Decrease) | |
|--|-----------------------|----------------|----------------------|----------------|----------------------|----------------|
| | Amount | Percent | Amount | Percent | Amount | Percent |
| <u>General Fund Revenues</u> | | | | | | |
| Charges for services | | | | | | |
| Fees for service | \$ 21,467,901 | 31.33% | \$ 22,688,171 | 33.35% | \$ (1,220,270) | -5.38% |
| Regulatory revenue | 19,179,957 | 27.99% | 19,615,152 | 28.84% | (435,195) | -2.22% |
| Title XIX & other | 1,438,802 | 2.10% | 674,991 | 0.99% | 763,811 | 113.16% |
| Total charges for services | <u>42,086,660</u> | <u>61.42%</u> | <u>42,978,314</u> | <u>63.18%</u> | <u>(891,654)</u> | <u>-2.07%</u> |
| Intergovernmental revenues | | | | | | |
| Property tax | 26,169,886 | 38.20% | 23,820,035 | 35.02% | 2,349,851 | 9.87% |
| General receipts | | | | | | |
| Contributions and donations | 20,374 | 0.03% | 31,404 | 0.05% | (11,030) | -35.12% |
| Interest income | 121,743 | 0.18% | 1,149,968 | 1.69% | (1,028,225) | -89.41% |
| Other | 114,436 | 0.17% | 45,461 | 0.07% | 68,975 | 151.72% |
| Total general fund revenues | <u>\$ 68,513,099</u> | <u>100.00%</u> | <u>\$ 68,025,182</u> | <u>100.00%</u> | <u>\$ 487,917</u> | <u>0.72%</u> |
| <u>Special Revenue Fund Revenues</u> | | | | | | |
| Intergovernmental revenues | | | | | | |
| Direct federal grants | \$ 8,212,491 | 13.22% | \$ 6,520,337 | 30.44% | \$ 1,692,154 | 25.95% |
| Indirect federal grants | 51,489,763 | 82.86% | 12,951,237 | 60.47% | 38,538,526 | 297.57% |
| State funding | 1,733,529 | 2.79% | 691,586 | 3.23% | 1,041,943 | 150.66% |
| Total intergovernmental revenues | <u>61,435,783</u> | <u>98.87%</u> | <u>20,163,160</u> | <u>94.15%</u> | <u>41,272,623</u> | <u>204.69%</u> |
| Program Contract Services | 707,323 | 1.13% | 1,253,851 | 5.85% | (546,528) | -43.59% |
| Total special fund revenues | <u>\$ 62,143,106</u> | <u>100.00%</u> | <u>\$ 21,417,011</u> | <u>100.00%</u> | <u>\$ 40,726,095</u> | <u>190.16%</u> |
| Combined Special Revenue and General Funds | <u>\$ 130,656,205</u> | | <u>\$ 89,442,193</u> | | <u>\$ 41,214,012</u> | <u>46.08%</u> |

The decrease in fees for services, including vital records, immunizations and other medical services and regulatory services, is due to diminished operations due to the Covid-19 pandemic.

The increase in the property tax allocation of \$2,349,851 is due to a growing local economy, increases in property values, and subsequent increased property taxes. There is a 3% property tax cap on increases for all property in the State of Nevada.

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

Southern Nevada Health District
Management's Discussion and Analysis
June 30, 2021

| | 2021 | | 2020 | | Increase(Decrease) | |
|--|-----------------------|----------------|----------------------|----------------|------------------------|----------------|
| | Amount | Percent | Amount | Percent | Amount | Percent |
| <u>General Fund Expenditures</u> | | | | | | |
| Current | | | | | | |
| Public health | | | | | | |
| Clinical services | \$ 28,706,148 | 60.96% | \$ 26,290,075 | 42.51% | \$ 2,416,073 | 9.19% |
| Environmental health | 19,136,376 | 40.63% | 21,250,761 | 34.36% | (2,114,385) | -9.95% |
| Community health services | 9,609,519 | 20.40% | 9,080,540 | 14.68% | 528,979 | 5.83% |
| Administration | (10,592,489) | -22.49% | 4,860,098 | 7.86% | (15,452,587) | -317.95% |
| Capital outlay | | | | | | |
| Public health | 234,431 | 0.50% | 361,840 | 0.59% | (127,409) | -35.21% |
| Total general fund expenditures | <u>\$ 47,093,985</u> | <u>100.00%</u> | <u>\$ 61,843,314</u> | <u>100.00%</u> | <u>\$ (14,749,329)</u> | <u>-23.85%</u> |
| <u>Special Revenue Fund Expenditures</u> | | | | | | |
| Current | | | | | | |
| Public health | | | | | | |
| Clinical services | \$ 15,789,174 | 21.35% | \$ 8,596,957 | 30.24% | \$ 7,192,217 | 83.66% |
| Environmental health | 3,310,153 | 4.48% | 837,016 | 2.94% | 2,473,137 | 295.47% |
| Community health services | 31,879,874 | 43.10% | 13,653,855 | 48.03% | 18,226,019 | 133.49% |
| Administration | 20,948,893 | 28.32% | 2,328,948 | 8.19% | 18,619,945 | 799.50% |
| Capital outlay | | | | | | |
| Public health | 2,037,803 | 2.75% | 3,010,947 | 10.59% | (973,144) | -32.32% |
| Total special revenue fund expenditures | <u>\$ 73,965,897</u> | <u>100.00%</u> | <u>\$ 28,427,723</u> | <u>100.00%</u> | <u>\$ 45,538,174</u> | <u>160.19%</u> |
| Combined General Funds & Special Revenue | <u>\$ 121,059,882</u> | | <u>\$ 90,271,037</u> | | <u>\$ 30,788,845</u> | <u>34.11%</u> |

General Fund Budget Highlights

Final budget compared to actual results

Current budget procedure allows funds to be moved within programs and departments. Revenues fell short of Budgeted amounts by \$6,784,717. Fees for services and regulatory revenue had been substantially impacted due to the pandemic and did not meet projections.

Total budgeted expenditures Fell short of actual amounts by \$14,095,658. This was primarily driven by Services and supplies as expectations for the expenditure for standard operations as well as grant funded operations were not meet.

Detailed information of budgeted revenue and expenditures and actual revenue and expenditures are included in the Supplementary Information on page 48 of the Financial Report.

CAPITAL ASSETS

As of June 30, 2021, the Health District's net investment in capital assets for its governmental activities was \$27,739,485. This investment in capital assets includes land, buildings and improvements, vehicles and equipment. The net increase in capital assets for the current fiscal year was approximately \$660,391 or 2%, driven by construction in progress.

| | Balance June 30, 2020 | Increases | Decreases | Transfers | Balance June 30, 2021 |
|-------------------------------|--------------------------|------------|-----------|-----------|--------------------------|
| Governmental activities | | | | | |
| Total governmental activities | \$ 27,079,094 | \$ 660,391 | \$ - | \$ - | \$ 27,739,485 |

The Health District deleted capital assets by \$151,609. This included obsolete Office and Information Technology equipment as well replaced District Vehicles.

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

Long-term Debt

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

Economic Factors and Next Year's Budgets and Rates

The Health District has a weakened financial position due to the COVID-19 pandemic. To properly respond and manage the pandemic, additional resources were required which included personnel, supplies, services, and equipment.

Although created as an independent governmental entity pursuant to Nevada Revised Statute (NRS) 439.361, the Health District has no taxing authority and must rely on revenue from fees and other governmental sources in order to operate. Funding for all capital improvements must be derived from operating revenue unless capital grant funds are awarded.

Currently, the Health District is faced with the need to maintain a reserve to respond effectively to a possible pandemic outbreak and other public health emergencies. The Board of Health continued its previous approval of \$1,000,000 of fund balance to be used if needed for that purpose.

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

The Health District will continue to pursue not only proportional allocation of Federal pass-through dollars through the State, but also direct funding from the Federal government. Clark County has 72.8% of Nevada's population and is 4.7 times the population of Washoe County in Northern Nevada. The additional Federal support will enable the Health District to better address the needs of residents requiring services.

At present, the Health District has the financial resources and capacity to maintain current service levels. Though the Health District has a surplus of revenue over expenditures, it must be noted that the driver for that is Pandemic Relief funding. At the end of the declared emergency the Health District's expenditures will greatly exceed revenue, and to ensure operational viability the Health District must closely monitor revenues and expenditures in addition to making operational adjustments.

Request for Information

These financial statements are designed to provide a general overview to all parties who are interested in the Southern Nevada Health District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Southern Nevada Health District
Attention: Chief Financial Officer
280 S. Decatur Blvd. P.O. Box 3902
Las Vegas, Nevada, 89127

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

Basic Financial Statements
June 30, 2021

Southern Nevada Health District

Draft

Government-Wide Financial Statements
June 30, 2021

Southern Nevada Health District

Draft

Southern Nevada Health District
Statement of Net Position
June 30, 2021

| | Governmental Activities |
|---|----------------------------|
| Assets | |
| Cash and equivalents, unrestricted | \$ 26,855,090 |
| Restricted cash | 89,000 |
| Grants receivable | 20,814,767 |
| Accounts receivable, net | 3,683,484 |
| Interest receivable | 53,812 |
| Other receivables | 247,313 |
| Prepaid items | 441,562 |
| Inventories | 897,227 |
| Capital assets not being depreciated | |
| Land | 3,447,236 |
| Construction in progress | 525,637 |
| Capital assets, net of accumulated depreciation and amortization | |
| Buildings | 17,120,489 |
| Improvements other than buildings | 1,967,382 |
| Furniture, fixtures, and equipment | 4,077,042 |
| Vehicles | 601,699 |
| Total assets | 80,821,740 |
| Deferred Outflows of Resources | |
| Deferred amounts related to pensions | 16,764,621 |
| Deferred amounts related to OPEB | 4,432,393 |
| | 21,197,014 |
| Liabilities | |
| Accounts payable | 7,434,754 |
| Accrued expenses | 3,292,617 |
| Workers compensation self-insurance claims | 20,000 |
| Unearned revenue | 424,066 |
| Long-term liabilities, due within one year | |
| Compensated absences | 5,112,698 |
| Long-term liabilities, due in more than one year | |
| Compensated absences | 3,700,994 |
| Net pension liability | 78,470,784 |
| Total OPEB liability | 28,150,383 |
| Total liabilities | 126,606,296 |
| Deferred Inflows of Resources | |
| Deferred amounts related to pensions | 5,717,665 |
| Deferred amounts related to OPEB | 9,306,815 |
| | 15,024,480 |
| Net Position | |
| Net investment in capital assets | 27,739,485 |
| Restricted | 311,088 |
| Unrestricted (deficit) | (67,662,595) |
| Total net position | \$ (39,612,022) |

See Notes to Financial Statements

Southern Nevada Health District
Statement of Activities
For the Fiscal Year Ended June 30, 2021

| Function/Program | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Position Primary Government |
|--------------------------------------|-----------------------|-------------------------|--|--|
| | Expenses | Charges for Services | Operating Grants and Contributions | Governmental Activities |
| Governmental activities | | | | |
| Public health | | | | |
| Clinical services | \$ 45,158,133 | \$ 17,310,775 | \$ 12,336,282 | \$ (15,511,076) |
| Environmental health | 23,094,986 | 18,746,001 | 2,663,734 | (1,685,251) |
| Community health | 42,328,165 | 5,223,101 | 29,106,859 | (7,998,205) |
| Administration | 13,221,674 | 806,783 | 17,349,282 | 4,934,391 |
| Total governmental activities | <u>123,802,958</u> | <u>42,086,660</u> | <u>61,456,157</u> | <u>(20,260,141)</u> |
| Total function/program | <u>\$ 123,802,958</u> | <u>\$ 42,086,660</u> | <u>\$ 61,456,157</u> | <u>(20,260,141)</u> |
| General Revenues | | | | |
| Property tax allocation | | | | 26,169,886 |
| Other income | | | | 821,759 |
| Unrestricted investment income | | | | 88,476 |
| Total general revenues and transfers | | | | <u>27,080,121</u> |
| Change in Net Position | | | | <u>6,819,980</u> |
| Net Position, Beginning of Year | | | | <u>(46,432,002)</u> |
| Net Position, End of Year | | | | <u>\$ (39,612,022)</u> |

Fund Financial Statements
June 30, 2021

Southern Nevada Health District

Draft

Southern Nevada Health District
Governmental Funds – Balance Sheet
June 30, 2021

| | General Fund | Special Revenue Fund | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|-------------------------|--------------------------------|--------------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 22,049,218 | \$ - | \$ 4,733,140 | \$ 26,782,358 |
| Grants receivable | - | 20,814,767 | - | 20,814,767 |
| Accounts receivable, net | 3,683,484 | - | - | 3,683,484 |
| Other receivables | 247,313 | - | - | 247,313 |
| Interest receivable | 44,178 | - | 9,488 | 53,666 |
| Due from other funds | 13,343,167 | - | 1,841,199 | 15,184,366 |
| Inventories | 897,227 | - | - | 897,227 |
| Prepaid items | 429,717 | 11,845 | - | 441,562 |
| Total assets | \$ 40,694,304 | \$ 20,826,612 | \$ 6,583,827 | \$ 68,104,743 |
| Liabilities | | | | |
| Accounts payable | \$ 2,038,618 | \$ 5,342,915 | \$ - | \$ 7,381,533 |
| Accrued expenses | 3,292,617 | - | - | 3,292,617 |
| Unearned revenue | 58,423 | 365,643 | - | 424,066 |
| Due to other funds | - | 15,184,366 | - | 15,184,366 |
| Total liabilities | 5,389,658 | 20,892,924 | - | 26,282,582 |
| Fund Balances | | | | |
| Nonspendable | | | | |
| Inventories | 897,227 | - | - | 897,227 |
| Prepaid items | 429,717 | 11,845 | - | 441,562 |
| Restricted for | | | | |
| Grants | - | 222,088 | - | 222,088 |
| Assigned to | | | | |
| Capital improvements | - | - | 6,583,827 | 6,583,827 |
| Administration | 1,260,572 | - | - | 1,260,572 |
| Unassigned | 32,717,130 | (300,245) | - | 32,416,885 |
| Total fund balances | 35,304,646 | (66,312) | 6,583,827 | 41,822,161 |
| Total liabilities and fund balances | \$ 40,694,304 | \$ 20,826,612 | \$ 6,583,827 | \$ 68,104,743 |

Southern Nevada Health District
 Reconciliation of the Balance Sheet - Governmental Funds to the
 Statement of Net Position - Governmental Activities
 June 30, 2021

| | | |
|---|--------------|-----------------|
| Total fund balance - governmental funds | | \$ 41,822,161 |
| Amounts reported in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds | | |
| Capital assets, net of accumulated depreciation | 27,739,485 | 27,739,485 |
| Long-term liabilities are not due and payable in the current period, and therefore, are not reported in governmental funds: | | |
| Postemployment benefits other than pensions | (28,150,383) | |
| Deferred outflows related to postemployment benefits other than pensions | 4,432,393 | |
| Deferred inflows related to postemployment benefits other than pensions | (9,306,815) | |
| Compensated absences | (8,813,692) | |
| Net pension liability | (78,470,784) | |
| Deferred outflows related to pensions | 16,764,621 | |
| Deferred inflows related to pensions | (5,717,665) | (109,262,325) |
| 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 | 88,657 | 88,657 |
| Total net position - governmental activities | | \$ (39,612,022) |

Southern Nevada Health District
 Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2021

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|----------------------|---------------------------------|---|---|
| Revenues | | | | |
| Charges for services | | | | |
| Fees for service | \$ 21,467,901 | \$ - | \$ - | \$ 21,467,901 |
| Regulatory revenue | 19,179,957 | - | - | 19,179,957 |
| Title XIX & other | 1,438,802 | - | - | 1,438,802 |
| Intergovernmental revenues | | | | |
| Property tax | 26,169,886 | - | - | 26,169,886 |
| Direct federal grants | - | 8,212,491 | - | 8,212,491 |
| Indirect federal grants | - | 51,489,763 | - | 51,489,763 |
| State grant funds | - | 1,733,529 | - | 1,733,529 |
| General receipts | | | | |
| Contributions and donations | 20,374 | - | - | 20,374 |
| Interest income | 121,743 | - | (36,044) | 85,699 |
| Other | 114,436 | 707,323 | - | 821,759 |
| Total revenues | <u>68,513,099</u> | <u>62,143,106</u> | <u>(36,044)</u> | <u>130,620,161</u> |
| Expenditures | | | | |
| Current | | | | |
| Public health | | | | |
| Clinical & nursing services | 28,706,148 | 15,789,174 | - | 44,495,322 |
| Environmental health | 19,136,376 | 3,310,153 | - | 22,446,529 |
| Community health | 9,609,519 | 31,879,874 | - | 41,489,393 |
| Administration | (10,592,489) | 20,948,893 | 385,328 | 10,741,732 |
| Total current | <u>46,859,554</u> | <u>71,928,094</u> | <u>385,328</u> | <u>119,172,976</u> |
| Capital outlay | 234,431 | 2,037,803 | 508,947 | 2,781,181 |
| Total expenditures | <u>47,093,985</u> | <u>73,965,897</u> | <u>894,275</u> | <u>121,954,157</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>21,419,114</u> | <u>(11,822,791)</u> | <u>(930,319)</u> | <u>8,666,004</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 53,995 | 14,677,609 | 1,600,000 | 16,331,604 |
| Transfers out | (16,277,609) | (53,995) | - | (16,331,604) |
| Total other financing sources (uses) | <u>(16,223,614)</u> | <u>14,623,614</u> | <u>1,600,000</u> | <u>-</u> |
| Change in Fund Balance | 5,195,500 | 2,800,823 | 669,681 | 8,666,004 |
| Fund Balance, Beginning of Year | 30,109,146 | (2,867,135) | 5,914,146 | 33,156,157 |
| Fund Balance, End of Year | <u>\$ 35,304,646</u> | <u>\$ (66,312)</u> | <u>\$ 6,583,827</u> | <u>\$ 41,822,161</u> |

Southern Nevada Health District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances -
Governmental Funds to the Statement of Activities - Governmental Activities
For the Fiscal Year Ended June 30, 2021

Change in fund balances, governmental funds \$ 8,666,004

Amounts reported in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is capitalized and depreciated over their estimated useful lives:

| | | |
|---------------------------------|--------------------|---------|
| Expenditures for capital assets | 2,781,181 | |
| Less current year depreciation | <u>(2,120,790)</u> | |
| | | 660,391 |

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 | (5,072,189) | |
| Change in deferred outflows related to postemployment benefits other than pensions | 2,534,513 | |
| Change in deferred inflows related to postemployment benefits other than pensions | 1,087,389 | |
| Change in compensated absences | (1,457,912) | |
| Change in deferred outflows related to pensions | 1,522,100 | |
| Change in deferred inflows related to pensions | 3,482,507 | |
| Change in net pension liability | <u>(4,603,952)</u> | |
| | | (2,507,544) |

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>1,129</u> | |
| | | <u>1,129</u> |

Change in net position of governmental activities \$ 6,819,980

Southern Nevada Health District
Statement of Net Position - Proprietary Funds
June 30, 2021

| | Governmental Activities Insurance Liability Reserve |
|--|---|
| Assets | |
| Current Assets | |
| Cash and cash equivalents | \$ 72,732 |
| Restricted cash | 89,000 |
| Interest receivable | 146 |
| Total current assets | 161,878 |
| Liabilities | |
| Current Liabilities | |
| Accounts payable | 53,221 |
| Workers compensation self-insurance claims | 20,000 |
| Total current liabilities | 73,221 |
| Net Position | |
| Restricted | 89,000 |
| Unrestricted | (343) |
| Total net position | \$ 88,657 |

Southern Nevada Health District
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Fiscal Year Ended June 30, 2021

| | Governmental Activities |
|---------------------------------|-----------------------------------|
| | Insurance Liability Reserve |
| Operating Expense | |
| Services and supplies | \$ 1,648 |
| Total operating expenses | 1,648 |
| Operating loss | (1,648) |
| Nonoperating Revenues | |
| Investment income | 2,777 |
| Total nonoperating revenues | 2,777 |
| Income Before Transfers | 1,129 |
| Change in Net Position | 1,129 |
| Net Position, Beginning of Year | 87,528 |
| Net Position, End of Year | \$ 88,657 |

Southern Nevada Health District
Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2021

| | Governmental Activities Insurance Liability Reserve |
|---|---|
| Cash Flows used for Operating Activities | |
| Cash payments for services and supplies | \$ (1,648) |
| Net cash used for operating activities | (1,648) |
| Cash Flows from Investing Activities | |
| Investment income | 2,813 |
| Change in Cash and Cash Equivalents | 1,165 |
| Cash, Restricted Cash and Cash Equivalents, Beginning of Year | 160,567 |
| Cash, Restricted Cash, and Cash Equivalents, End of Year | \$ 161,732 |
| Reconciliation of Operating Income to Net Cash used for in Operating Activities | |
| Operating loss | \$ (1,648) |
| Net Cash used for Operating Activities | \$ (1,648) |
| Reconciliation of Cash Balances at End of Year: | |
| Unrestricted | \$ 72,732 |
| Restricted | 89,000 |
| | \$ 161,732 |

Southern Nevada Health District
Statement of Fiduciary Net Position
June 30, 2021

| | <u>Custodial Fund</u> |
|-------------------------------|---------------------------|
| Assets | |
| Cash and cash equivalents | <u>\$ 11,439</u> |
| Liabilities | |
| Accounts payable | <u>92</u> |
| Net Position | |
| Restricted for: | |
| Individuals and organizations | <u><u>\$ 11,347</u></u> |

DRAFT

Southern Nevada Health District
Statement of Changes in Fiduciary Net Position
June 30, 2021

| | <u>Custodial Fund</u> |
|---------------------------------|---------------------------|
| Additions | |
| Contributions | <u>\$ 1,000</u> |
| Deductions | |
| Services and supplies | <u>92</u> |
| Change in Net Position | 908 |
| Net Position, Beginning of Year | <u>10,439</u> |
| Net Position, End of Year | <u><u>\$ 11,347</u></u> |

Draft

Notes to Financial Statements
June 30, 2021

Southern Nevada Health District

Draft

Note 1 - Summary of Significant Accounting Policies

The Reporting Entity

The accompanying financial statements include all of the activities that comprise the financial reporting entity of the Southern Nevada Health District (the Health District). The Health District is governed by a 11-member policymaking board (the Board of Health) comprised of two representatives each from the Board of County Commissioners and the largest city in Clark County, one elected representative from each of the four remaining jurisdictions in the county, a physician member at-large, one representative of a nongaming business, and one representative of the Association of Gaming Establishments. The Health District represents a unique consolidation of the public health needs of the cities of Boulder City, Las Vegas, North Las Vegas, Henderson, Mesquite and others within Clark County.

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

Basic Financial Statements

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

Government-wide Financial Statements

The government-wide financial statements are made up of the statement of net position and the statement of activities. These statements include the aggregated financial information of the Health District as a whole, except for fiduciary activity. The effect of interfund activity has been removed from these statements.

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

Fund Financial Statements

The financial accounts of the Health District are organized on a basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for using a separate set of self-balancing accounts comprised of assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures/expenses. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

The Health District reports the following major governmental funds:

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

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

The proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. Operating expenses of the internal service fund include claims and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Health District reports the following internal service fund:

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Cash and Cash Equivalents

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

Interfund Receivables and Payables

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

Inventories

Inventories are stated at the lower of cost or market. Cost is determined on an average cost basis. Governmental fund inventories are accounted for under the consumption method where the costs are recorded as expenditures when the inventory item is used rather than when purchased.

Additionally, the Health District receives medical vaccines from the State of Nevada (the State) for use in the Health District’s clinics, which are not included in the Health District’s inventory since these vaccines remain the property of the State until they are administered. At June 30, 2021, the estimated value of such vaccines in the Health District’s possession was \$1,105,957.

Prepaid Items

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

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. The Health District considers assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year to be capital assets. Purchased or constructed capital assets are recorded at historical cost or estimated historical cost and updated for additions and retirements during the year. Donated capital assets, if any, are valued at their estimated fair value as of the date of donation.

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

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives:

| | Years |
|------------------------------------|-------|
| Buildings | 50 |
| Improvements other than buildings | 5-25 |
| Furniture, fixtures, and equipment | 5-20 |
| Vehicles | 6 |

Compensated Absences

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

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

| Years of Service | Vacation Benefits (Days) |
|--------------------|-----------------------------|
| Less than one | 10 |
| One to eight | 15 |
| Eight to thirteen | 18 |
| More than thirteen | 20 |

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

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

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

Postemployment Benefits Other Than Pensions (OPEB)

The Health District recognizes OPEB amounts for all benefits provided through the plans which include the total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense.

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

Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

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

Deferred Inflows and Outflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. Deferred outflows for the changes in proportion and differences between actual pension contributions and the Health District's proportionate share of pension contributions are deferred and amortized over the average expected remaining

service life of all employees that are provided with pension benefits. Deferred outflows for pension contributions made by the Health District subsequent to the pension plan's actuarial measurement date are deferred for one year. Deferred outflows for the difference between actual and expected experience in the total OPEB liability are deferred and amortized over the average expected remaining service life of all employees that are provided with health benefits.

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

Fund Balance and Net Position Classifications

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

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

Restricted. This component of net position reports the constraints placed on the use of assets by either external parties and/or enabling legislation.

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

In the fund financial statements, proprietary fund equity is classified the same as in the government-wide statements. Governmental fund balances are classified as follows:

Nonspendable. Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This classification includes inventories and prepaid items.

Restricted. Similar to restricted net position discussed above, includes constraints placed on the use of resources that are either externally imposed by grantors, contributors, or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

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

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

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

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

It is the Health District's policy to expend restricted resources first and use unrestricted resources when the restricted resources have been depleted. It is also the Health District's policy to maintain a minimum unassigned fund balance in the general fund of 16.6% of general fund expenditures (the general fund reserve).

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

Use of Estimates

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

Implementation of New GASB Statement

As of July 1, 2020, the Health District adopted GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The implementation of this statement resulted in a change in the presentation of the Health District's Employee Events fund from an agency fund to a custodial fund. The implementation of this standard resulted in a restatement to opening net position of \$10,439.

Note 2 - Stewardship and Accountability

Budgets and Budgetary Accounting

Nevada Revised Statutes (NRS) require that local governments legally adopt budgets for all funds except fiduciary funds. The annual budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States. Budget augmentations made during the year ended June 30, 2021, were as prescribed by law.

The budget approval process is summarized as follows:

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

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

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

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

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

Per NRS 354.626, actual expenditures may not exceed budgetary appropriations of the public health function of the general fund, or total appropriations of the internal service fund, special revenue fund or the individual capital projects funds. The sum of operating and nonoperating expenses in the internal service fund may not exceed total appropriations. At June 30, 2021, the Health District reported no expenditures over appropriations.

Note 3 - Cash and Cash Equivalents

Deposits

The Health District's deposit policies are governed by the NRS. Deposits are carried at cost, which approximates market value and are maintained with insured banks in Nevada. At June 30, 2021, the carrying amount of the Health District's deposits was \$0 as all amounts were swept into the Clark County Investment Pool at the end of the day.

Clark County Investment Pool

The Health District participates in Clark County's investment pool. At June 30, 2021, all rated investments in the Clark County investment pool were in compliance with the rating criteria listed below. Pooled funds are invested according to the NRS which are limited to the following (the Health District has no investment policy that would further limit Clark County's investment choices):

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

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

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

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

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

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

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

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

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

The State of Nevada's Local Government Investment Pool.

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

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

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

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At June 30, 2021, all of the Health District's investments held by the Clark County Treasurer are invested in authorized investments in accordance with NRS 350.659, 355.165, 355.170, and 356.120. The limitations on amounts invested are covered on the aforementioned type of security.

As of June 30, 2021, the carrying amount and market value of the Health District's investments in the Clark County Investment Pool was \$26,857,113.

Combined Cash and Cash Equivalents

At June 30, 2021, the Health District's cash and cash equivalents were as follows:

| | |
|---------------------------------|-----------------------------|
| Cash on hand | \$ 10,489 |
| Restricted cash | 89,000 |
| Clark County Investment Pool | <u>26,856,040</u> |
| Total cash and cash equivalents | <u><u>\$ 26,955,529</u></u> |

At June 30, 2021, the Health District's cash and cash equivalents were presented in the District's financial statements as follows:

| | |
|---------------------------------|-----------------------------|
| Governmental funds | \$ 26,782,358 |
| Proprietary fund | 161,732 |
| Custodial funds | <u>11,439</u> |
| Total cash and cash equivalents | <u><u>\$ 26,955,529</u></u> |

Note 4 - Capital Assets

Changes in capital assets for the year ended June 30, 2021, were as follows:

| | Balance June 30, 2020 | Increases | Decreases | Transfers | Balance June 30, 2021 |
|--|-----------------------------|--------------------------|--------------------|--------------------|-----------------------------|
| Governmental Activities | | | | | |
| Capital Assets not Being Depreciated or Amortized | | | | | |
| Construction in progress | \$ 2,794,106 | \$ 488,229 | \$ - | \$ (2,756,698) | \$ 525,637 |
| Land | 3,447,236 | - | - | - | 3,447,236 |
| Total capital assets not being depreciated | <u>6,241,342</u> | <u>488,229</u> | <u>-</u> | <u>(2,756,698)</u> | <u>3,972,873</u> |
| Capital Assets Being Depreciated or Amortized | | | | | |
| Buildings | 18,507,481 | 5,808 | (6,691) | 2,520,415 | 21,027,013 |
| Improvements other than buildings | 4,786,108 | 502,891 | - | - | 5,288,999 |
| Furniture, fixtures, and equipment | 14,713,350 | 1,561,255 | (115,645) | - | 16,158,960 |
| Vehicles | 1,018,014 | 222,998 | (29,273) | 236,283 | 1,448,022 |
| Total capital assets being depreciated or amortized | <u>39,024,953</u> | <u>2,292,952</u> | <u>(151,609)</u> | <u>2,756,698</u> | <u>43,922,994</u> |
| Accumulated Depreciation and Amortization | | | | | |
| Buildings | (3,213,202) | (700,013) | 6,691 | - | (3,906,524) |
| Improvements other than buildings | (3,060,308) | (261,309) | - | - | (3,321,617) |
| Furniture, fixtures, and equipment | (11,208,609) | (988,954) | 115,645 | - | (12,081,918) |
| Vehicles | (705,082) | (170,514) | 29,273 | - | (846,323) |
| Total accumulated depreciation and amortization | <u>(18,187,201)</u> | <u>(2,120,790)</u> | <u>151,609</u> | <u>-</u> | <u>(20,156,382)</u> |
| Total capital assets being depreciated or amortized, net | <u>20,837,752</u> | <u>172,162</u> | <u>-</u> | <u>2,756,698</u> | <u>23,766,612</u> |
| Total Governmental Activities | <u><u>\$ 27,079,094</u></u> | <u><u>\$ 660,391</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 27,739,485</u></u> |

For the year ended June 30, 2021, depreciation expense was charged to the following functions and programs:

| | |
|---|----------------------------|
| Governmental Activities | |
| Clinical services | \$ 96,963 |
| Environmental health | 11,648 |
| Community health | 301,055 |
| Administration | <u>1,711,124</u> |
| Total depreciation expense, governmental activities | <u><u>\$ 2,120,790</u></u> |

Note 5 - Interfund Balances and Transfers

Transfers in and out for the year ended June 30, 2021 are as follows:

| Receivable Fund | Payable Fund | Amount |
|------------------|----------------------|-----------------------------|
| General Fund | Special Revenue Fund | \$ 13,343,167 |
| Bond Reserve | Special Revenue Fund | 1,813,235 |
| Capital Projects | Special Revenue Fund | <u>27,964</u> |
| | | <u><u>\$ 15,184,366</u></u> |

These balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Interfund transfers for the year ended June 30, 2021, consisted of the following:

| Transfers Out of Fund | Transfers In to Fund | Amount |
|--------------------------|-------------------------|-----------------------------|
| General Fund | Special Revenue Fund | 14,677,609 |
| General Fund | Bond Reserve Fund | 350,000 |
| General Fund | Capital Project Fund | 1,250,000 |
| Special Revenue Fund | General Fund | <u>53,995</u> |
| | | <u><u>\$ 16,331,604</u></u> |

Transfers from were used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds, and finance the administrative cost allocation to other funds, in accordance budgetary authorization.

Note 6 - Leases

Operating Leases

The Health District has certain non-cancelable operating lease agreements (subject to the requirements of NRS 244.230 and 354.626) for its facilities. Such leases expire at various times through August 31, 2026. For the year ended June 30, 2021, rent expense and expenditures totaled \$788,514. At year end, the Health District's future minimum lease payments under these non-cancelable operating leases were as follows:

For the Year Ending June 30,

| | |
|------|-------------------|
| 2022 | \$ 433,851 |
| 2023 | 132,712 |
| 2024 | 135,898 |
| 2025 | 114,148 |
| 2026 | 66,851 |
| 2027 | 11,411 |
| | <u>\$ 894,871</u> |

Note 7 - Changes In Long-Term Liabilities

Long-term liabilities activity for the year ended June 30, 2021, was as follows:

| | Balance June 30, 2020 | Increases | Decreases | Balance June 30, 2021 | Due Within One Year |
|-------------------------|--------------------------|--------------|-------------|--------------------------|------------------------|
| Governmental Activities | | | | | |
| Compensated absences | \$ 7,355,780 | \$ 1,522,939 | \$ (65,027) | \$ 8,813,692 | \$ 5,112,698 |

Compensated absences typically have been liquidated by the general fund.

Note 8 - Risk Management

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

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

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

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

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

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

Litigation

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

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

Note 9 - Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

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

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

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

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

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

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

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

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

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

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

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

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

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

Effective July 1, 2019, the required contribution rates for regular members was 15.25% and 29.25% for employer/employee matching and EPC, respectively. The Health District's portion of contributions was \$6,753,359 for the year ended June 30, 2021.

PERS collective net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For this purpose, certain actuarial valuation assumptions are stipulated by the GASB and may vary from those used to determine the prospective funding contribution rates.

The total PERS pension liability was determined using the following economic actuarial assumptions (based on the results of an experience review completed in 2017), applied to all periods included in the measurement:

| | |
|----------------------------|---|
| Inflation rate | 2.75% |
| Productivity pay increase | 0.50% |
| Investment rate of return | 7.50% |
| Actuarial cost method | Entry age normal and level percentage of payroll |
| Projected salary increases | Regular: 4.25% to 9.15%, depending on service Police/Fire: 4.55% to 13.90%, depending on service Rates include inflation and productivity increases |
| Other assumptions | Same as those used in the June 30, 2020 funding actuarial valuation |

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

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

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

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

PERS's policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of PERS. The following was the Board adopted policy target asset allocation as of June 30, 2020:

| Asset Class | Target Allocation | Long-term Geometric Expected Real Rate of Return * |
|----------------------|-------------------|--|
| U.S. stocks | 42% | 5.50% |
| International stocks | 18% | 5.50% |
| U.S. bonds | 28% | 0.75% |
| Private markets | 12% | 6.65% |

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

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified by NRS. Based on that assumption, PERS's fiduciary net position at June 30, 2020, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments (7.50%) was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

At June 30, 2021, the Health District's proportionate share of the net pension liability is calculated using a discount rate of 7.50%. The following shows the sensitivity of the valuation of the Health District's proportionate share of the net pension liability assuming the discount rate was either 1% lower or 1% higher:

| | 1% Decrease in Discount Rate (6.50%) | Discount Rate (7.50%) | 1% Increase in Discount Rate (8.50%) |
|-----------------------|--|--------------------------|--|
| Net Pension Liability | \$ 122,384,106 | \$ 78,470,784 | \$ 41,960,121 |

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

The Health District's proportionate share of the collective net pension liability was \$78,470,784, which represents 0.56339% of the collective net pension liability, which is an increase from the previous year's proportionate share of 0.54171%. Contributions for employer pay dates within the fiscal year ending June 30, 2020, were used as the basis for determining each employer's proportionate share.

For the period ended June 30, 2021, the Health District's pension expense was \$6,347,696 and its reported deferred outflows and inflows of resources related to pensions as of June 30, 2021, were as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ - | \$ 1,013,247 |
| Net difference between projected and actual earnings on investments | 2,438,033 | 2,964,294 |
| Changes in proportion and differences between actual contributions and proportionate share of contributions | 5,369,069 | 1,740,124 |
| Change in assumptions | 2,204,160 | - |
| Contributions made subsequent to the measurement date | 6,753,359 | - |
| | \$ 16,764,621 | \$ 5,717,665 |

Average expected remaining service life is 6.13 years.

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$6,753,359 will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| For the Year ending June 30, | | |
|------------------------------|----|--------------|
| 2022 | \$ | (1,260,989) |
| 2023 | | 1,355,290 |
| 2024 | | 1,792,539 |
| 2025 | | 1,663,224 |
| 2026 | | 675,765 |
| Thereafter | | 67,768 |
| | | \$ 4,293,597 |

Note 10 - Postemployment Benefits Other Than Pensions (OPEB)

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

Plan Description: The Health District subsidizes eligible retirees' contributions to the Public Employees' Benefits Plan (PEBP), a non-trust, agent multiple-employer defined benefit postemployment healthcare plan administered by the State of Nevada. NRS 287.041 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees. The plan is now closed to future retirees, however, district employees who previously met the eligibility requirement for retirement within the Nevada Public Employee Retirement System had the option upon retirement to enroll in coverage under the PEBP with a subsidy provided by the Health District as determined by their number of years of service. The PEBP issues a publicly available financial report that includes financial statements and required supplementary information.

That report may be obtained by writing to Public Employee's Benefits Program, 901 S. Stewart Street, Suite 1001, Carson City, NV, 89701, by calling (775) 684-7000, or by accessing the website at www.pebp.state.nv.us/informed/financial.htm.

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

Benefits Provided

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

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

Employees Covered by Benefit Terms

At June 30, 2020, the following employees were covered by the benefit terms:

| | PEBP | RHPP | Total all Plans |
|--------------------------------------|------|------|-----------------|
| Inactive employees or beneficiaries | | | |
| currently receiving benefit payments | 72 | 70 | 142 |
| Active employees | - | 559 | 559 |
| | | | |
| Total | 72 | 629 | 701 |

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

Total OPEB Liability

The Health District's total OPEB liability of \$28,150,383 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs: The total OPEB liability for all plans as of June 30, 2021 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--------------------------|--|
| Discount Rate | 2.21% |
| Pre-Medicare Trend Rate | Select: 7.0%, Ultimate 4.0% |
| Post-Medicare Trend Rate | Select: 6.0%, Ultimate 4.0% |
| Mortality Table | Pub-2010 headcount weighted mortality table, projected generationally using scale MP-2020, applied on a gender-specific basis for general and safety personnel |
| Termination Tables | 2020 NPERS Actuarial Valuation |
| Retirement Tables | 2020 NPERS Actuarial Valuation |

Rationale for Assumptions:

The demographic assumptions are based on the Nevada PERS Actuarial Experience Study for the period from July 1, 2006 through June 30, 2012. Salary scale and inflation assumptions are based on the Nevada PERS Actuarial Experience Study for the period from July 1, 2012 through June 30, 2018.

Changes in the Total OPEB Liability

| | PEBP | RHPP | Total OPEB Liability |
|---|---------------------|----------------------|-------------------------|
| Balance recognized at June 30, 2020 | \$ 3,906,192 | \$ 19,172,002 | \$ 23,078,194 |
| Changes Recognized for the Fiscal Year | | | |
| Service Cost | - | 1,035,479 | 1,035,479 |
| Interest | 132,809 | 696,006 | 828,815 |
| Differences between expected and actual experience | 240,495 | 2,485,316 | 2,725,811 |
| Changes in assumptions | 770,760 | 577,780 | 1,348,540 |
| Benefit payments | (223,274) | (643,182) | (866,456) |
| Net Changes | <u>920,790</u> | <u>4,151,399</u> | <u>5,072,189</u> |
| Balance Recognized at June 30, 2021 | <u>\$ 4,826,982</u> | <u>\$ 23,323,401</u> | <u>\$ 28,150,383</u> |

Changes in Assumptions and Experience:

Certain key assumptions were changed as part of the actuary's updated study. Those changed are summarized below.

- The discount rate was updated based on the municipal bond rate as of June 30, 2020
- The trend rates were reset to an initial rate of 7.00% (6.00% for post-Medicare), grading down by 0.25% per year until reaching the ultimate rate of 4.00% based on current Healthcare Analytics (HCA) Consulting trend study
- The mortality tables were updated to utilize the Pub-2010 table with the MP-2020 improvement scales
- The marriage assumption is updated to 30% based on the current retiree population data
- The plan election rate is updated to 80% PPO, and 20% HMO based on the current retiree elections

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Health District, as well as what the Health District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage point higher (3.21 percent) than the current discount rate:

| | 1% Decrease 1.21% | Discount Rate 2.21% | 1% Increase 3.21% |
|----------------------|----------------------|------------------------|----------------------|
| PEBP | \$ 5,550,000 | \$ 4,826,982 | \$ 4,238,000 |
| RHPP | 28,260,000 | 23,323,401 | 19,478,000 |
| Total OPEB Liability | \$ 33,810,000 | \$ 28,150,383 | \$ 23,716,000 |

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

| | 1% Decrease | Trend Rates | 1% Increase |
|----------------------|---------------|---------------|---------------|
| PEBP | \$ 4,266,000 | \$ 4,826,982 | \$ 5,497,000 |
| RHPP | 19,468,000 | 23,323,401 | 28,224,000 |
| Total OPEB Liability | \$ 23,734,000 | \$ 28,150,383 | \$ 33,721,000 |

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

For the year ended June 30, 2021, the Health District recognized OPEB expense of \$2,098,651. The breakdown by plan is as follows:

| | PEBP | RHPP | Total All Plans |
|--------------|--------------|------------|--------------------|
| OPEB Expense | \$ 1,144,064 | \$ 954,587 | \$ 2,098,651 |

At June 30, 2021, the Health District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| PEBP | | |
| Contributions made in fiscal year ending 2021 after July 1, 2020 measurement date | \$ 198,836 | \$ - |
| Total PEBP | \$ 198,836 | \$ - |
| RHPP | | |
| Differences between expected and actual experience | \$ 2,321,330 | \$ 6,369,134 |
| Changes of assumptions or other inputs | 1,566,484 | 2,937,681 |
| Contributions made in fiscal year ending 2021 after July 1, 2020 measurement date | 345,743 | - |
| Total RHPP | \$ 4,233,557 | \$ 9,306,815 |
| Total All Plans | | |
| Differences between expected and actual experience | \$ 2,321,330 | \$ 6,369,134 |
| Changes of assumptions or other inputs | 1,566,484 | 2,937,681 |
| Contributions made in fiscal year ending 2021 after July 1, 2020 measurement date | 544,579 | - |
| Total All Plans | \$ 4,432,393 | \$ 9,306,815 |

The amount of \$544,579 reported as deferred outflows of resources related to OPEB from Health District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| For the Year ending June 30, | RHPP |
|------------------------------|----------------|
| 2022 | \$ (776,898) |
| 2023 | (776,898) |
| 2024 | (776,898) |
| 2025 | (776,898) |
| 2026 | (501,861) |
| Thereafter | (1,809,548) |
| | \$ (5,419,001) |

Note 11 - Encumbrances

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

| | Assigned Fund Balance |
|--------------|--------------------------|
| General Fund | \$ 1,260,572 |

In the general fund, \$484,043 of the total encumbrance balance was assigned to purchase clinical health services. \$48,274 of the total encumbrance balance was assigned to purchase environmental health services. \$78,040 of the total encumbrance balance was assigned to purchase community health services. \$650,215 of the total encumbrance balance was assigned to purchase administrative services.

Required Supplementary Information
June 30, 2021

Southern Nevada Health District

Draft

Southern Nevada Health District
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget to Actual - General Fund
 For the Fiscal Year Ended June 30, 2021

| | Original Budget | Final Budget | Actual | Final Budget to Actual Variance |
|--|----------------------|----------------------|----------------------|---------------------------------------|
| Revenues | | | | |
| Fees for service | \$ 26,784,545 | \$ 26,784,545 | \$ 21,467,901 | \$ (5,316,644) |
| General receipts | - | - | 134,810 | 134,810 |
| Property tax | 26,169,886 | 26,169,886 | 26,169,886 | - |
| Regulatory revenue | 20,430,848 | 20,430,848 | 19,179,957 | (1,250,891) |
| Title XIX & other | 1,912,537 | 1,912,537 | 1,438,802 | (473,735) |
| Investment earnings | - | - | 121,743 | 121,743 |
| Total revenues | <u>75,297,816</u> | <u>75,297,816</u> | <u>68,513,099</u> | <u>(6,784,717)</u> |
| Expenditures | | | | |
| Public Health | | | | |
| Clinical & nursing services | | | | |
| Salaries and wages | 8,790,036 | 8,790,037 | 5,626,279 | (3,163,758) |
| Employee benefits | 3,762,889 | 3,762,885 | 2,457,226 | (1,305,659) |
| Services and supplies | 13,180,454 | 622,888 | 20,622,643 | 19,999,755 |
| Capital outlay | 10,000 | 10,000 | - | (10,000) |
| Total clinical & nursing services | <u>25,743,379</u> | <u>13,185,810</u> | <u>28,706,148</u> | <u>15,520,338</u> |
| Environmental health | | | | |
| Salaries and wages | 11,916,005 | 11,916,005 | 10,204,090 | (1,711,915) |
| Employee benefits | 4,948,156 | 4,948,154 | 4,131,842 | (816,312) |
| Services and supplies | 473,321 | 836,150 | 4,800,444 | 3,964,294 |
| Capital outlay | - | - | 131,452 | 131,452 |
| Total environmental health | <u>17,337,482</u> | <u>17,700,309</u> | <u>19,267,828</u> | <u>1,567,519</u> |
| Community health | | | | |
| Salaries and wages | 5,489,702 | 5,489,702 | 4,053,040 | (1,436,662) |
| Employee benefits | 2,299,341 | 2,299,340 | 1,779,468 | (519,872) |
| Services and supplies | 1,469,658 | 386,192 | 3,777,011 | 3,390,819 |
| Total community health | <u>9,258,701</u> | <u>8,175,234</u> | <u>9,609,519</u> | <u>1,434,285</u> |
| Administration | | | | |
| Salaries and wages | 10,365,357 | 10,363,540 | 9,697,631 | (665,909) |
| Employee benefits | 4,491,977 | 4,492,725 | 3,978,855 | (513,870) |
| Services and supplies | 1,259,609 | 754,649 | (24,268,975) | (25,023,624) |
| Capital outlay | 264,110 | 364,110 | 102,979 | (261,131) |
| Total administration | <u>16,381,053</u> | <u>15,975,024</u> | <u>(10,489,510)</u> | <u>(26,464,534)</u> |
| Total public health | <u>68,720,615</u> | <u>55,036,377</u> | <u>47,093,985</u> | <u>(7,942,392)</u> |
| Total expenditures | <u>68,720,615</u> | <u>55,036,377</u> | <u>47,093,985</u> | <u>(7,942,392)</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>6,577,201</u> | <u>20,261,439</u> | <u>21,419,114</u> | <u>1,157,675</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | 111,538 | 53,995 | (57,543) |
| Transfers out | (6,349,727) | (22,554,730) | (16,277,609) | 6,277,121 |
| Total other financing sources (uses) | <u>(6,349,727)</u> | <u>(22,443,192)</u> | <u>(16,223,614)</u> | <u>6,219,578</u> |
| Change in Fund Balance | <u>227,474</u> | <u>(2,181,753)</u> | <u>5,195,500</u> | <u>7,377,253</u> |
| Fund Balance, Beginning of Year | <u>27,607,047</u> | <u>30,109,146</u> | <u>30,109,146</u> | <u>-</u> |
| Fund Balance, End of Year | <u>\$ 27,834,521</u> | <u>\$ 27,927,393</u> | <u>\$ 35,304,646</u> | <u>\$ 7,377,253</u> |

See notes to required supplementary information.

Southern Nevada Health District
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget to Actual - Special Revenue Fund
 For the Fiscal Year Ended June 30, 2021

| | Original Budget | Final Budget | Actual | Final Budget to Actual Variance |
|--|--------------------|---------------------|---------------------|---------------------------------------|
| Revenues | | | | |
| Direct federal grants | 8,617,497 | \$ 8,212,491 | \$ 8,212,491 | \$ - |
| Indirect federal grants | 12,711,778 | 51,489,763 | 51,489,763 | - |
| State grant funds | 802,632 | 1,733,529 | 1,733,529 | - |
| Other grant funds | 607,547 | 707,323 | 707,323 | - |
| Total revenues | <u>22,739,454</u> | <u>62,143,106</u> | <u>62,143,106</u> | <u>-</u> |
| Expenditures | | | | |
| Public Health | | | | |
| Clinical & nursing services | | | | |
| Salaries and wages | 4,134,837 | 6,303,908 | 6,303,908 | - |
| Employee benefits | 1,674,012 | 2,403,694 | 2,403,694 | - |
| Services and supplies | 3,656,451 | 8,064,788 | 7,081,572 | (983,216) |
| Capital outlay | 24,500 | 139,746 | 139,746 | - |
| Total clinical & nursing services | <u>9,489,800</u> | <u>16,912,136</u> | <u>15,928,920</u> | <u>(983,216)</u> |
| Environmental health | | | | |
| Salaries and wages | 379,361 | 1,816,089 | 1,816,089 | - |
| Employee benefits | 160,279 | 745,139 | 745,139 | - |
| Services and supplies | 299,740 | 852,907 | 748,925 | (103,982) |
| Total environmental health | <u>839,380</u> | <u>3,414,135</u> | <u>3,310,153</u> | <u>(103,982)</u> |
| Community health | | | | |
| Salaries and wages | 5,130,321 | 6,414,026 | 6,414,026 | - |
| Employee benefits | 2,168,016 | 2,729,760 | 2,729,760 | - |
| Services and supplies | 7,972,288 | 25,892,801 | 22,736,088 | (3,156,713) |
| Capital outlay | - | 140,338 | 140,338 | - |
| Total community health | <u>15,270,625</u> | <u>35,176,925</u> | <u>32,020,212</u> | <u>(3,156,713)</u> |
| Administration | | | | |
| Salaries and wages | 604,724 | 5,253,470 | 5,253,470 | - |
| Employee benefits | 244,512 | 1,943,373 | 1,943,373 | - |
| Services and supplies | 935,740 | 15,661,405 | 13,752,050 | (1,909,355) |
| Capital outlay | 104,400 | 1,757,719 | 1,757,719 | - |
| Total administration expenditures | <u>1,889,376</u> | <u>24,615,967</u> | <u>22,706,612</u> | <u>(1,909,355)</u> |
| Total expenditures | <u>27,489,181</u> | <u>80,119,163</u> | <u>73,965,897</u> | <u>(6,153,266)</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(4,749,727)</u> | <u>(17,976,057)</u> | <u>(11,822,791)</u> | <u>6,153,266</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 4,749,727 | 20,954,730 | 14,677,609 | (6,277,121) |
| Transfers out | - | (111,538) | (53,995) | 57,543 |
| Total other financing sources (uses) | <u>4,749,727</u> | <u>20,843,192</u> | <u>14,623,614</u> | <u>(6,219,578)</u> |
| Change in Fund Balance | <u>-</u> | <u>2,867,135</u> | <u>2,800,823</u> | <u>(66,312)</u> |
| Fund Balance, Beginning of Year | <u>-</u> | <u>(2,867,135)</u> | <u>(2,867,135)</u> | <u>-</u> |
| Fund Balance, End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (66,312)</u> | <u>\$ (66,312)</u> |

See notes to required supplementary information.

Southern Nevada Health District
Schedules of Changes in the Total OPEB Liability and Related Ratios¹
For the Year Ended June 30, 2021

PEBP Plan

| | 2021 | 2020 | 2019 | 2018 |
|---|---------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability | | | | |
| Interest | \$ 132,809 | \$ 142,210 | \$ 158,929 | \$ 136,641 |
| Changes of benefit terms | - | - | - | - |
| Difference between actual and expected experience | 240,495 | - | (935) | (2,407) |
| Changes of assumptions or other inputs | 770,760 | 196,172 | (582,796) | (408,034) |
| Benefit payments | (223,274) | (213,733) | (210,183) | (201,454) |
| Net Change in Total OPEB Liability | 920,790 | 124,649 | (634,985) | (475,254) |
| Total OPEB Liability - Beginning | 3,906,192 | 3,781,543 | 4,416,528 | 4,891,782 |
| Total OPEB Liability - Ending | <u>\$ 4,826,982</u> | <u>\$ 3,906,192</u> | <u>\$ 3,781,543</u> | <u>\$ 4,416,528</u> |
| Covered Payroll | N/A | N/A | N/A | N/A |
| Total OPEB Liability as a Percentage of Covered Payroll | N/A | N/A | N/A | N/A |

RHPP

| | 2021 | 2020 | 2019 | 2018 |
|---|----------------------|----------------------|----------------------|----------------------|
| Total OPEB Liability | | | | |
| Service cost | \$ 1,035,479 | \$ 865,693 | \$ 1,984,184 | \$ 2,037,506 |
| Interest | 696,006 | 675,421 | 922,521 | 753,304 |
| Changes of benefit terms | - | - | - | - |
| Difference between actual and expected experience | 2,485,316 | - | (8,138,337) | 26,065 |
| Changes of assumptions or other inputs | 577,780 | 1,204,893 | (1,686,349) | (3,119,749) |
| Benefit payments | (643,182) | (322,093) | (236,966) | (339,476) |
| Net Change in Total OPEB Liability | 4,151,399 | 2,423,914 | (7,154,947) | (642,350) |
| Total OPEB Liability - Beginning | 19,172,002 | 16,748,088 | 23,903,035 | 24,545,385 |
| Total OPEB Liability - Ending | <u>\$ 23,323,401</u> | <u>\$ 19,172,002</u> | <u>\$ 16,748,088</u> | <u>\$ 23,903,035</u> |
| Covered Payroll | \$ 40,103,356 | \$ 34,918,861 | \$ 34,918,861 | \$ 34,126,701 |
| Total OPEB Liability as a Percentage of Covered Payroll | 58.16% | 54.90% | 47.96% | 70.04% |

¹ Fiscal year 2018 is the first year of implementation, therefore only four years are shown. As it becomes available this schedule will ultimately present information for the ten most recent fiscal years.

Southern Nevada Health District
Multiple-Employer Cost-Sharing Defined Benefit Pension Plan
Proportionate Share of the Collective Net Pension Liability Information²
for the Year Ended June 30, 2021

| <u>For the Year Ended June 30</u> | <u>Proportion of the Collective Net Pension Liability</u> | <u>Proportion of the Collective Net Pension Liability</u> | <u>Covered Payroll</u> | <u>Proportion of the Collective Pension Liability as a Percentage of Covered Payroll</u> | <u>PERS Fiduciary Net Position as a Percentage of Total Pension Liability</u> |
|-----------------------------------|---|---|----------------------------|--|---|
| 2014 | 0.54090% | \$ 61,643,357 | \$ 34,707,255 | 177.60943% | 75.30000% |
| 2015 | 0.54090% | 61,984,011 | 32,508,190 | 190.67198% | 75.13000% |
| 2016 | 0.52151% | 70,180,332 | 32,917,342 | 213.20170% | 72.20000% |
| 2017 | 0.50906% | 67,704,469 | 33,079,430 | 204.67242% | 74.40000% |
| 2018 | 0.50995% | 69,546,020 | 33,744,349 | 206.09679% | 75.20000% |
| 2019 | 0.54171% | 73,866,832 | 37,250,362 | 198.29829% | 76.50000% |
| 2020 | 0.56339% | 78,470,784 | 38,532,689 | 203.64731% | 77.04000% |

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

Southern Nevada Health District
Multiple-Employer Cost-Sharing Defined Benefit Pension Plan
Proportionate Share of Statutorily Required Contribution Information
for the Year Ended June 30, 2021 and Last Seven Fiscal Years³

| For the Year Ended June 30 | Statutorily Required Contribution | Contributions in relation to the Statutorily Required Contribution | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|----------------------------|---|---|--|--------------------|---|
| 2015 | \$ 4,174,514 | \$ 4,174,514 | \$ - | \$ 32,508,190 | 12.84% |
| 2016 | 4,421,639 | 4,421,639 | - | 32,917,342 | 13.43% |
| 2017 | 4,565,587 | 4,565,587 | - | 33,079,430 | 13.80% |
| 2018 | 4,724,209 | 4,724,209 | - | 33,744,349 | 14.00% |
| 2019 | 5,215,051 | 5,215,051 | - | 37,250,362 | 14.00% |
| 2020 | 5,876,235 | 5,876,235 | - | 38,532,689 | 15.25% |
| 2021 | 6,753,358 | 6,753,358 | - | 44,284,315 | 15.25% |

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

Note 1 - Postemployment Benefits Other Than Pensions

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

Changes of Assumptions and Experience

Certain key assumptions were changed as part of the actuary's updated study. Those changes are summarized below:

- The discount rate was updated based on the municipal bond rate as of June 30, 2020.
- The Pre-Medicare Select Trend Rate was increased from 6.5% to 7.0%.
- The Post-Medicare Select Trend Rate was increased from 5.5% to 6.0%.

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

For the year ended June 30, 2021, there were no changes in the pension benefit plan terms to the actuarial methods and assumptions used in the actuarial valuation report dated June 30, 2020.

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

Additional pension plan information can be found at Note 9 to the basic financial statements.

Note 3 - Budget Information

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

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

Other Supplementary Information
June 30, 2021

Southern Nevada Health District

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Nonmajor Governmental Funds
June 30, 2021

Southern Nevada Health District

Draft

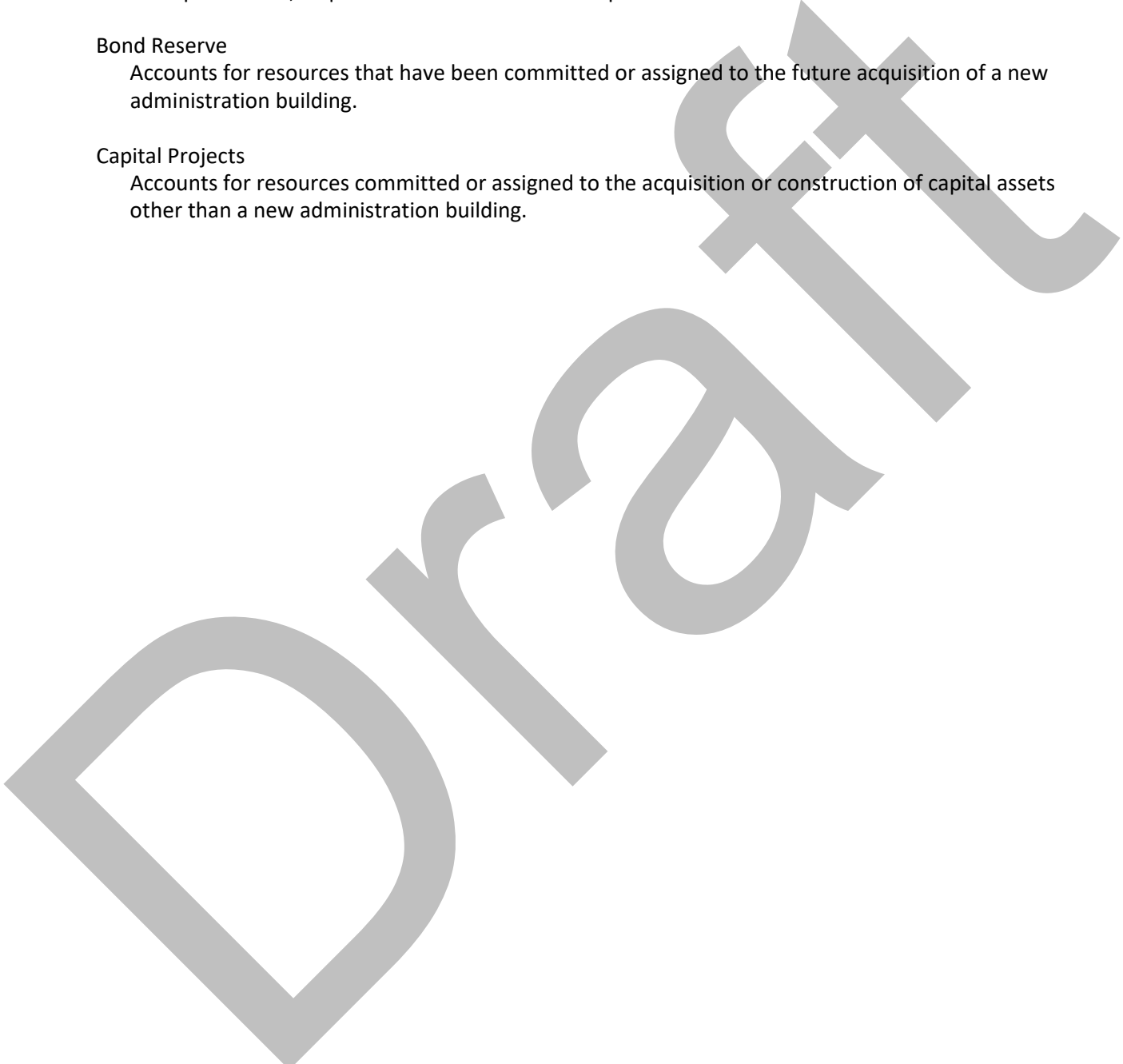
Capital projects funds are used to account for financial resources that are restricted, committed, or assigned to the improvement, acquisition or construction of capital assets.

Bond Reserve

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

Capital Projects

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



Southern Nevada Health District
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget to Actual - Bond Reserve Fund
 For the Fiscal Year Ended June 30, 2021

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Final Budget to Actual Variance</u> |
|---|------------------------|---------------------|---------------------|--|
| Revenues | | | | |
| Interest income | \$ 50,000 | \$ 50,000 | \$ (72,376) | \$ (122,376) |
| Total revenues | <u>50,000</u> | <u>50,000</u> | <u>(72,376)</u> | <u>(122,376)</u> |
| Public health | | | | |
| Services and supplies | 2,104,685 | 2,104,685 | - | (2,104,685) |
| Capital outlay | - | - | - | - |
| Total expenditures | <u>2,104,685</u> | <u>2,104,685</u> | <u>-</u> | <u>(2,104,685)</u> |
| Deficiency of Revenues Under Expenditures | <u>(2,054,685)</u> | <u>(2,054,685)</u> | <u>(72,376)</u> | <u>1,982,309</u> |
| Other Financing Sources | | | | |
| Transfers in | <u>350,000</u> | <u>350,000</u> | <u>350,000</u> | <u>-</u> |
| Change in Fund Balance | (1,704,685) | (1,704,685) | 277,624 | 1,982,309 |
| Fund Balance, Beginning of Year | <u>1,704,685</u> | <u>1,704,685</u> | <u>3,258,770</u> | <u>1,554,085</u> |
| Fund Balance, End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,536,394</u> | <u>\$ 3,536,394</u> |

Southern Nevada Health District
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget to Actual - Capital Projects Fund
 For the Fiscal Year Ended June 30, 2021

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Final Budget to Actual Variance</u> |
|---|------------------------|---------------------|---------------------|--|
| Revenues | | | | |
| Interest income | \$ 80,000 | \$ 80,000 | \$ 36,332 | \$ (43,668) |
| Total revenues | <u>80,000</u> | <u>80,000</u> | <u>36,332</u> | <u>(43,668)</u> |
| Expenditures | | | | |
| Public Health | | | | |
| Services and supplies | 594,163 | 594,163 | 385,328 | (208,835) |
| Capital outlay | 3,294,000 | 3,294,000 | 508,947 | (2,785,053) |
| Total expenditures | <u>3,888,163</u> | <u>3,888,163</u> | <u>894,275</u> | <u>(2,993,888)</u> |
| Deficiency of Revenues Under Expenditures | <u>(3,808,163)</u> | <u>(3,808,163)</u> | <u>(857,943)</u> | <u>2,950,220</u> |
| Other Financing Sources | | | | |
| Transfers in | <u>1,250,000</u> | <u>1,250,000</u> | <u>1,250,000</u> | <u>-</u> |
| Change in Fund Balance | <u>(2,558,163)</u> | <u>(2,558,163)</u> | <u>392,057</u> | <u>2,950,220</u> |
| Fund Balance, Beginning of Year | <u>2,558,163</u> | <u>2,558,163</u> | <u>2,655,376</u> | <u>97,213</u> |
| Fund Balance, End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,047,433</u> | <u>\$ 3,047,433</u> |

Internal Service Funds
June 30, 2021

Southern Nevada Health District

Draft

Southern Nevada Health District
 Schedule of Revenues, Expenses and Changes in Net Position - Budget to Actual -
 Insurance Liability Reserve Fund
 For the Fiscal Year Ended June 30, 2021

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Final Budget to Actual Variance</u> |
|------------------------|------------------------|---------------------|------------------|--|
| Revenues | | | | |
| Other operating income | \$ - | \$ - | \$ - | \$ - |
| Total revenues | - | - | - | - |
| Operating Expenses | | | | |
| Services and supplies | \$ 8,000 | \$ 8,000 | \$ 1,648 | \$ (6,352) |
| Nonoperating Revenues | | | | |
| Interest income | 3,100 | 3,100 | 2,777 | (323) |
| Loss Before Transfers | (4,900) | (4,900) | 1,129 | 6,029 |
| Transfers in | - | - | - | - |
| Change in Net Position | <u>\$ (4,900)</u> | <u>\$ (4,900)</u> | 1,129 | 6,029 |
| | | | <u>87,528</u> | |
| | | | <u>\$ 88,657</u> | |

Compliance Section
June 30, 2021

Southern Nevada Health District

Draft

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Southern Nevada Health District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Southern Nevada Health District's basic financial statements, and have issued our report thereon dated **November 20, 2020**.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southern Nevada Health District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Las Vegas, Nevada

DATE

Auditor's Comments

To the Honorable Members of the Board of Health

In connection with our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southern Nevada Health District (the "District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, except as noted below, nothing came to our attention that caused us to believe that the District, failed to comply with the specific requirements of Nevada Revised Statutes. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

CURRENT YEAR STATUTE COMPLIANCE

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

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

The District monitored all significant constraints on its financial administration during the year ended June 30, 2021.

PRIOR YEAR RECOMMENDATIONS

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

CURRENT YEAR RECOMMENDATIONS

We noted no material weakness and reported no significant deficiencies in internal controls.

Las Vegas, Nevada

DATE