SNHD
Southern Nevada Health District

FISCAL YEAR 2022

June 30, 2022

Financial Statement

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Financial Section

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2022, 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.

In our opinion, the accompanying 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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Health District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, the Health District has adopted the provisions of GASB Statement No. 87, *Leases.* This adoption did not result in a restatement of net position as of July 1, 2021. Our opinions are not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Health District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Health District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Health District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 15 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 50 through 56 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the Management's Discussion and Analysis, 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 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.

Supplementary 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 the responsibility of management are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, and capital asset schedules, 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 our report dated January 25, 2023 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, and 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.

Eide Bailly LLP

Las Vegas, Nevada
January 25, 2023

Management's Discussion and Analysis

As members of the Southern Nevada Health District's management, we offer the readers of the financial statements of Southern Nevada Health District (Health District) this narrative overview and analysis of the financial activities of the Health District for the fiscal year ended June 30, 2022.

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 $32,682,893. 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 $6,928,462, primarily due to the increase of special revenue from COVID-19 pandemic response efforts.

The Health District's total revenue increased by $32,204,020. This was primarily driven by the pandemic response in the special revenue fund, an increase in volume of clients served, and property tax revenues. Expenses increased by $32,095,538, 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 2022. 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 16 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, 2022, 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 27 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 50 of this report.

Government-wide Overall Financial Analysis

Summary Statement of Net Position

	Governmental Activities	
	2022	2021
Assets		
Current and other assets	$ 57,564,795	$ 53,082,255
Net capital assets	36,662,219	27,739,485
Total assets	94,227,014	80,821,740
Deferred Outflows	51,546,231	21,197,014
Liabilities		
Short-term liabilities	22,070,057	16,284,135
Long-term liabilities	99,265,947	110,322,161
Total liabilities	121,336,004	126,606,296
Deferred Inflows	57,120,134	15,024,480
Net Position		
Net investment in capital assets	29,117,281	27,739,485
Restricted	368,975	311,088
Unrestricted	(61,108,870)	(67,662,595)
Total net position	$ (31,622,614)	$ (39,612,022)

Total unrestricted net position represents negative 190% 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 $6,938,462 primarily due to increased operating grants and contributions.

Summary Statement of Changes in Net Position

	Governmental Activities	
	2022	2021
Revenues		
Program Revenues		
Charges for services	$ 49,760,082	$ 42,086,660
Operating grants and contributions	85,129,449	61,456,157
General Revenues		
Property tax allocation	28,258,566	26,169,886
Other income	1,061,273	821,759
Unrestricted investment income (loss)	(1,382,412)	88,476
Total Revenues	162,826,958	130,622,938
Expenses		
Public health		
Clinical services	60,849,715	45,158,133
Environmental health	23,508,809	23,094,986
Community health	86,223,506	42,328,165
Administration	(15,743,813)	13,221,674
Total Expenses	154,838,217	123,802,958
Change in Net Position	7,988,741	6,819,980
Net Position, Beginning	(39,611,355)	(46,431,335)
	$ (31,622,614)	$ (39,611,355)

Governmental Activities

During the current fiscal year, net position for governmental activities increased $6,928,462 from the 2021 fiscal year to an ending balance of negative $39,611,355.

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, 2022, the Health District's governmental funds reported combined fund balances of $41,826,781, an increase of $4,624 in comparison with the prior year. Approximately 81%, or $33,851,254 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: $2,286,648 is non-spendable; $4,883,052 is assigned to capital project improvements; restricted funds of $279,975 is Grant-related; $525,852 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 $34,085,452, while the total fund balance is $36,886,107. 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 17.3% of total combined general fund and special revenue fund expenditures and transfers, while total governmental fund balance represents approximately 17.1% of the total governmental expenditures and transfers. The Health District's general fund balance increased by $1,581,460 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 $291,820. 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 $4,883,052 at the end of the current fiscal year, which decrease by $1,700,775 as compared to the prior fiscal year. This is not a significant decrease from the prior year.

Fund Revenues by Source:

	2022		2021		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
General Fund Revenues						
Charges for services						
Fees for service	$ 25,661,858	33.34%	$ 21,467,901	31.33%	$ 4,193,957	19.54%
Regulatory revenue	21,579,715	28.04%	19,179,957	27.99%	2,399,758	12.51%
Title XIX & other	2,524,093	3.28%	1,438,802	2.10%	1,085,291	75.43%
Total charges for services	49,765,666	64.66%	42,086,660	61.42%	7,679,006	18.25%
Intergovernmental revenues						
Property tax	28,258,566	36.71%	26,169,886	38.20%	2,088,680	7.98%
General receipts						
Contributions and donations	9,136	0.01%	20,374	0.03%	(11,238)	-55.16%
Interest income	(1,270,116)	-1.65%	121,743	0.18%	(1,391,859)	-1143.28%
Other	205,013	0.27%	114,436	0.17%	90,577	79.15%
Total general fund revenues	$ 76,968,265	100.00%	$ 68,513,099	100.00%	$ 8,455,166	12.34%
Special Revenue Fund Revenues						
Intergovernmental revenues						
Direct federal grants	$ 14,769,382	17.19%	$ 8,212,491	13.22%	$ 6,556,891	79.84%
Indirect federal grants	69,327,432	80.69%	51,489,763	82.86%	17,837,669	34.64%
State funding	1,017,915	1.18%	1,733,529	2.79%	(715,614)	-41.28%
Total intergovernmental revenues	85,114,729	99.06%	61,435,783	98.87%	23,678,946	38.54%
Program Contract Services	808,427	0.94%	707,323	1.13%	101,104	14.29%
Total special fund revenues	$ 85,923,156	100.00%	$ 62,143,106	100.00%	$ 23,780,050	38.27%
Combined Special Revenue and General Funds	$ 162,891,421		$ 130,656,205		$ 32,235,216	24.67%

The increase in fees for service, including vital records, immunizations, and other medical services and regulatory services, is due to increased number of patients.

The increase in the property tax allocation of $2,088,680 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.

	2022		2021		Increase(Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
General Fund Expenditures						
Current						
Public health						
Clinical services	$ 33,277,692	58.83%	$ 28,706,148	60.96%	$ 4,571,544	15.93%
Environmental health	23,724,967	41.94%	19,136,376	40.63%	4,588,591	23.98%
Community health services	16,329,617	28.87%	9,609,519	20.40%	6,720,098	69.93%
Administration	(18,167,183)	-32.11%	(10,592,489)	-22.49%	(7,574,694)	71.51%
Debt service						
Principal	974,668	1.72%	-	0.00%	974,668	100%
Interest	85,611	0.14%	-	0.00%	85,611	100%
Capital outlay						
Public health	344,319	0.61%	234,431	0.50%	109,888	46.87%
Total general fund expenditures	$ 56,569,691	100.00%	$ 47,093,985	100.00%	$ 9,475,706	20.12%
Special Revenue Fund Expenditures						
Current						
Public health						
Clinical services	$ 28,821,673	27.54%	$ 15,789,174	21.35%	$ 13,032,499	82.54%
Environmental health	1,184,048	1.13%	3,310,153	4.48%	(2,126,105)	-64.23%
Community health services	70,180,202	67.05%	31,879,874	43.10%	38,300,328	120.14%
Administration	2,577,654	2.46%	20,948,893	28.32%	(18,371,239)	-87.70%
					-	
Capital outlay						
Public health	1,900,587	1.82%	2,037,803	2.75%	(137,216)	-6.73%
Total special revenue fund expenditures	$ 104,664,164	100.00%	$ 73,965,897	100.00%	$ 30,698,267	41.50%
Combined General Funds & Special Revenue	$ 161,233,855		$ 121,059,882		$ 40,173,973	33.19%

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 $771,114. Fees for services and investment earnings had been impacted due to the pandemic and economic impacts and did not meet projections.

Total budgeted expenditures exceeded actual amounts by $4,696,245. 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 50 of the Financial Report.

CAPITAL ASSETS

As of June 30, 2022, the Health District's net investment in capital assets for its governmental activities was $36,662,219. 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 $7,263,040 or 25%, driven by construction in progress and right of use leased assets.

Governmental activities	Balance June 30, 2021	Increases	Decreases	Transfers	Balance June 30, 2022
Total governmental activities	$ 29,399,179	$ 7,466,033	$ (202,993)	$ -	$ 36,662,219

The Health District deleted capital assets by $561,021. This included obsolete Office and Information Technology equipment as well replaced District Vehicles.

Additional detailed information on the Health 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 Health District has no outstanding debt other than lease liabilities.

Economic Factors and Next Year's Budgets and Rates

The Health District has an improved financial position even with the continued impact of 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 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

Government-Wide Financial Statements

	Governmental Activities
Assets	
Cash and equivalents, unrestricted	$ 32,844,883
Restricted cash	89,000
Grants receivable	19,259,152
Accounts receivable, net	2,755,967
Interest receivable	58,325
Other receivables	270,820
Prepaid items	817,727
Inventories	1,468,921
Capital assets not being depreciated	
Land	3,447,236
Construction in progress	2,517,121
Capital assets, net of accumulated depreciation and amortization	
Buildings	16,412,426
Improvements other than buildings	1,883,823
Furniture, fixtures, and equipment	4,474,695
Right of use leased assets	7,525,084
Vehicles	401,834
Total assets	94,227,014
Deferred Outflows of Resources	
Deferred amounts related to pensions	47,229,699
Deferred amounts related to OPEB	4,316,532
	51,546,231
Liabilities	
Accounts payable	11,497,629
Accrued expenses	3,712,762
Workers compensation self-insurance claims	20,000
Unearned revenue	397,898
Retainage payable	23,603
Long-term liabilities, due within one year	
Compensated absences	5,547,832
Lease liability	870,333
Long-term liabilities, due in more than one year	
Compensated absences	3,731,118
Lease liabiity	6,674,605
Net pension liability	58,760,106
Total OPEB liability	30,100,118
Total liabilities	121,336,004
Deferred Inflows of Resources	
Deferred amounts related to pensions	48,900,707
Deferred amounts related to OPEB	8,219,427
	57,120,134
Net Position	
Net investment in capital assets	29,117,281
Restricted	368,975
Unrestricted (deficit)	(61,108,870)
Total net position	$ (31,622,614)

See Notes to Financial Statements

Function/Program	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position Primary Government: Governmental Activities
Governmental activities				
Public health				
Clinical services	$ 60,849,715	$ 20,912,445	$ 22,463,386	$ (17,473,884)
Environmental health	23,508,809	21,285,048	995,194	(1,228,567)
Community health	86,223,506	7,554,321	59,445,178	(19,224,007)
Administration	(15,743,813)	8,268	2,225,691	17,977,772
Total governmental activities	154,838,217	49,760,082	85,129,449	(19,948,686)
Total function/program	$ 154,838,217	$ 49,760,082	$ 85,129,449	(19,948,686)
General Revenues				
Property tax allocation				28,258,566
Other income				1,061,273
Unrestricted investment income				(1,382,412)
Total general revenues and transfers				27,937,427
Change in Net Position				7,988,741
Net Position, Beginning of Year				(39,611,355)
Net Position, End of Year				$ (31,622,614)

See Notes to Financial Statements

Fund Financial Statements

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 28,766,852	$ -	$ 4,007,820	$ 32,774,672
Grants receivable	-	19,259,152	-	19,259,152
Accounts receivable, net	2,762,321	-	(6,354)	2,755,967
Other receivables	257,620	13,200	-	270,820
Interest receivable	51,082	-	7,118	58,200
Due from other funds	10,002,165	-	874,468	10,876,633
Inventories	1,468,921	-	-	1,468,921
Prepaid items	805,882	11,845	-	817,727
Total assets	$ 44,114,843	$ 19,284,197	$ 4,883,052	$ 68,282,092
Liabilities				
Accounts payable	$ 3,347,734	$ 8,096,674	$ -	$ 11,444,408
Accrued expenses	3,732,569	-	-	3,732,569
Unearned revenue	148,433	249,465	-	397,898
Due to other funds	-	10,880,436	-	10,880,436
Total liabilities	7,228,736	19,226,575	-	26,455,311
Fund Balances				
Nonspendable				
Inventories	1,468,921	-	-	1,468,921
Prepaid items	805,882	11,845	-	817,727
Restricted for				
Grants	-	279,975	-	279,975
Assigned to				
Capital improvements	-	-	4,883,052	4,883,052
Administration	525,852	-	-	525,852
Unassigned	34,085,452	(234,198)	-	33,851,254
Total fund balances	36,886,107	57,622	4,883,052	41,826,781
Total liabilities and fund balances	$ 44,114,843	$ 19,284,197	$ 4,883,052	$ 68,282,092

Total fund balance - governmental funds		$ 41,826,781
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 and amortization	36,662,219	
		36,662,219
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	(30,100,118)	
Deferred outflows related to postemployment benefits other than pensions	4,316,532	
Deferred inflows related to postemployment benefits other than pensions	(8,219,427)	
Compensated absences	(9,278,950)	
Lease liability	(7,544,938)	
Net pension liability	(58,760,106)	
Deferred outflows related to pensions	47,229,699	
Deferred inflows related to pensions	(48,900,707)	
		(111,258,015)
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	86,122	
		86,122
Total net position - governmental activities		$ (32,682,893)

Southern Nevada Health District

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Charges for services				
Fees for service	$ 25,661,858	$ -	$ -	$ 25,661,858
Regulatory revenue	21,579,715	-	-	21,579,715
Title XIX & other	2,524,093	-	-	2,524,093
Intergovernmental revenues				
Property tax	28,258,566	-	-	28,258,566
Direct federal grants	-	14,769,382	-	14,769,382
Indirect federal grants	-	69,327,432	-	69,327,432
State grant funds	-	1,017,915	-	1,017,915
General receipts				
Contributions and donations	9,136	-	-	9,136
Interest income	(1,270,116)	-	(109,761)	(1,379,877)
Other	205,013	808,427	-	1,013,440
Total revenues	76,968,265	85,923,156	(109,761)	162,781,660
Expenditures				
Current				
Public health				
Clinical & nursing services	33,277,692	28,821,673	-	62,099,365
Environmental health	23,724,967	1,184,048	-	24,909,015
Community health	16,329,617	70,180,202	-	86,509,819
Administration	(18,167,183)	2,577,654	76,900	(15,512,629)
Total current	55,165,093	102,763,577	76,900	158,005,570
Debt service				
Principal	974,668	-	-	974,668
Interest	85,611	-	-	85,611
Capital outlay	344,319	1,900,587	1,514,114	3,759,020
Total other expenditures	1,404,598	1,900,587	1,514,114	4,819,299
Total expenditures	56,569,691	104,664,164	1,591,014	162,824,869
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,398,574	(18,741,008)	(1,700,775)	(43,209)
Other Financing Sources (Uses)				
Transfers in	-	18,864,947	500,000	19,364,947
Transfers out	(18,864,947)	-	(500,000)	(19,364,947)
Proceeds from capital asset disposal	47,833	-	-	47,833
Total other financing sources (uses)	(18,817,114)	18,864,947	-	47,833
Change in Fund Balance	1,581,460	123,939	(1,700,775)	4,624
Fund Balance, Beginning of Year	35,304,647	(66,317)	6,583,827	41,822,157
Fund Balance, End of Year	$ 36,886,107	$ 57,622	$ 4,883,052	$ 41,826,781

See Notes to Financial Statements

Change in fund balances, governmental funds		$ 4,624
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	3,759,020	
Less current year depreciation	(3,287,015)	
Less loss on disposal capital assets	(155,160)	
		316,845
The issuance of long-term debt (i.e. lease liabilities) provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds:		
Principal payments on lease liabilities	974,668	
Interest expense recognized as rent expense to the governmental funds	85,611	
		1,060,279
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds:		
Change in postemployment benefits other than pensions	(1,949,735)	
Change in deferred outflows related to postemployment benefits other than pensions	(115,861)	
Change in deferred inflows related to postemployment benefits other than pensions	1,087,388	
Change in compensated absences	(465,258)	
Change in deferred outflows related to pensions	30,465,078	
Change in deferred inflows related to pensions	(43,183,041)	
Change in net pension liability	19,710,678	
		5,549,249
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	(2,535)	
		(2,535)
Change in net position of governmental activities		$ 6,928,462

	Governmental Activities
	Insurance Liability Reserve
Assets	
Current Assets	
Cash and cash equivalents	$ 70,211
Restricted cash	89,000
Interest receivable	125
Due from other funds	7
Total current assets	159,343
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	(2,878)
Total net position	$ 86,122

	Governmental Activities
	Insurance Liability Reserve
Nonoperating Revenues	
Investment income	$ (2,535)
Total nonoperating revenues	(2,535)
Income Before Transfers	(2,535)
Change in Net Position	(2,535)
Net Position, Beginning of Year	88,657
Net Position, End of Year	$ 86,122

	Governmental Activities
	Insurance Liability Reserve
Cash Flows from Investing Activities	
Investment income	$ (2,521)
Change in Cash and Cash Equivalents	(2,521)
Cash, Restricted Cash and Cash Equivalents, Beginning of Year	161,732
Cash, Restricted Cash, and Cash Equivalents, End of Year	$ 159,211
Reconciliation of Cash Balances at End of Year:	
Unrestricted	$ 70,211
Restricted	89,000
	$ 159,211

	Custodial Fund
Assets	
Cash and cash equivalents	$ 11,439
Due from other funds	3,796
	15,235
Liabilities	
Accounts payable	507
Net Position	
Restricted for:	
Individuals and organizations	$ 14,728

	Custodial Fund
Additions	
Contributions	$ 5,465
Deductions	
Services and supplies	2,176
Change in Net Position	3,289
Net Position, Beginning of Year	11,439
Net Position, End of Year	$ 14,728

Notes to Financial Statements

Note 1 - Summary of Significant Accounting Policies

The Reporting Entity

The accompanying financial statements include all of the activities that comprise the financial reporting entity of the Southern Nevada Health District (the Health District). The Health District is governed by a 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, 2022, the estimated value of such vaccines in the Health District's possession was $1,009,500.

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.

Right of use leased assets are recognized at the lease commencement date and represent the Health District's right to use an underlying asset for the lease term. Right of use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to please the lease asset into service. Right of use leased assets are amortized over the shorter of the lease term or useful live of the underlying asset using the straight-line method.

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% 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.

Lease Liabilities

Lease Liabilities represent the Health District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the Health District.

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) ACFR 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 and amortization.

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, 2021, the Health District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain right to use leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. As a result of implementing this standard the Health District recognized a right of use asset and lease liability of $1,659,694 and $1,659,694 as of July 1, 2021, respectively. As a result of these adjustments there was no effect on beginning net position. The additional disclosures required by this standard are included in Notes 4 and 6.

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, 2022, 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, 2022, the Health District reported the following expenditures over appropriations:

The Health District's Special Revenue Fund expenditures for the public health function exceeded appropriations by $1,697,446. This is driven by the fact that services and supplies were underbudgeted.

NRS 354.598005 states budget appropriations in excess of budget may be transferred between funds with Board approval. The Health District made transfers of $1,740,568 in excess of the amount budgeted from the General Fund to the Special Revenue Fund, without obtaining Board approval. Cost allocations and transfers were not properly accounted for in the original budget or in the mid-year budget augmentation.

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, 2022, 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, 2022, 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, 2022, 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, 2022, the carrying amount and market value of the Health District's investments in the Clark County Investment Pool was $32,850,806.

Combined Cash and Cash Equivalents

At June 30, 2022, the Health District's cash and cash equivalents were as follows:

Cash on hand	$ 5,516
Restricted cash	89,000
Clark County Investment Pool	32,850,806
Total cash and cash equivalents	$ 32,945,322

At June 30, 2022, the Health District's cash and cash equivalents were presented in the District's financial statements as follows:

Governmental funds	$ 32,774,672
Proprietary fund	159,211
Custodial funds	11,439
Total cash and cash equivalents	$ 32,945,322

Note 4 - Capital Assets

Changes in capital assets for the year ended June 30, 2022, were as follows:

	Balance June 30, 2021	Increases	Decreases	Transfers	Balance June 30, 2022
Governmental Activities					
Capital Assets not Being Depreciated or Amortized					
Construction in progress	$ 525,637	$ 2,066,776	$ -	$ (75,292)	$ 2,517,121
Land	3,447,236	-	-	-	3,447,236
Total capital assets not being depreciated	3,972,873	2,066,776	-	(75,292)	5,964,357
Capital Assets Being Depreciated or Amortized					
Buildings	21,027,013	-	-	-	21,027,013
Improvements other than buildings	5,288,999	104,118	(215,560)	75,292	5,252,849
Furniture, fixtures, and equipment	16,158,960	1,588,126	(246,137)	-	17,500,949
Right of use leased buildings	899,467	6,994,028	-	-	7,893,495
Right of use leased equipment	760,227	-	-	-	760,227
Vehicles	1,448,022	-	(99,324)	-	1,348,698
Total capital assets being depreciated or amortized	45,582,688	8,686,272	(561,021)	75,292	53,783,231
Accumulated Depreciation and Amortization					
Buildings	(3,906,524)	(708,063)	-	-	(4,614,587)
Improvements other than buildings	(3,321,617)	(262,969)	215,560	-	(3,369,026)
Furniture, fixtures, and equipment	(12,081,918)	(987,480)	43,144	-	(13,026,254)
Right of use leased buildings	-	(750,741)	-	-	(750,741)
Right of use leased equipment	-	(377,897)	-	-	(377,897)
Vehicles	(846,323)	(199,865)	99,324	-	(946,864)
Total accumulated depreciation and amortization	(20,156,382)	(3,287,015)	358,028	-	(23,085,369)
Total capital assets being depreciated or amortized, net	25,426,306	5,399,257	(202,993)	75,292	30,697,862
Total Governmental Activities	$ 29,399,179	$ 7,466,033	$ (202,993)	$ -	$ 36,662,219

For the year ended June 30, 2022, depreciation and amortization expense was charged to the following functions and programs:

Governmental Activities	
Clinical services	$ 145,854
Environmental health	31,446
Community health	656,532
Administration	2,453,183
Total depreciation and amortization expense, governmental activities	$ 3,287,015

Note 5 - Interfund Balances and Transfers

Interfund balances at June 30, 2022 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue Fund	$ 10,002,165
Other governmental funds	Special Revenue Fund	874,468
Insurance Reserve	Special Revenue Fund	7
Fiduciary fund	Special Revenue Fund	3,796
		$ 10,880,436

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, 2022, consisted of the following:

Transfers Out of Fund	Transfers In to Fund	Amount
General Fund	Special Revenue Fund	$ 18,864,947
Bond Reserve	Capital Project Fund	500,000
		$ 19,364,947

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

As of July 1, 2021, the Health District implemented GASB Statement No. 87, *Leases*, see Note 1.

Lessee Activities

The Health District has entered into multiple leases for office, clinical, and warehouse space. The Health District is required to make principal and interest payments on these spaces. These lease agreements have terms expiring from January 2023 through March 2037. The lease liability was valued using discount rates between 3.25% and 4.75%. This rate was determined using the US Prime Rates applicable for each lease based on the lease period and date of initiation.

The Health District has entered into multiple leases for medical and office equipment. The Health District is required to make principal and interest payments on these equipment leases. These lease agreements have terms expiring from August 2022 through July 2024. The lease liability was valued using a discount rate of 3.25%. This rate was determined using the US Prime Rates applicable for each lease based on the lease period and date of initiation.

Note 7 - Changes in Long-Term Liabilities

Long-term liabilities activity for the year ended June 30, 2022, was as follows:

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022	Due Within One Year
Governmental Activities					
Compensated absences	$ 8,813,692	$ 6,279,205	$ (5,813,947)	$ 9,278,950	$ 5,547,832
Lease liability	1,525,580	6,994,026	(974,668)	7,544,938	870,333
Total long-term liabilities	$ 8,813,692	$ 6,279,205	$ (5,813,947)	$ 9,278,950	$ 5,547,832

Compensated absences typically have been liquidated by the general fund.

Remaining principal and interest payments on leases are as follows:

For the Year Ending June 30,	Principal	Interest
2023	$ 870,333	$ 287,692
2024	638,295	227,401
2025	565,321	205,353
2026	571,173	186,210
2027	518,760	167,053
2028 - 2032	2,040,898	621,563
2033 - 2037	2,340,158	218,847
	$ 7,544,938	$ 1,914,119

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, 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 with an effective date of membership on or after January 1, 2010 and before July 1, 2015, the post-retirement increases are the same as above, except that the increases do not exceed 4% per year.

For members entering PERS after July 1, 2015, the post-retirement increases 2% per year following the third anniversary of the commencement of benefits, 2.5% per year following the sixth anniversary, the lesser of 3% or the CPI for the preceding calendar year following the ninth anniversary.

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 $6,744,173 for the year ended June 30, 2022.

PERS collective net pension liability was measured as of **June 30, 2021**, 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	2.50%
Productivity pay increase	0.50%
Investment rate of return	7.25%
Actuarial cost method	Entry age normal and level percentage of payroll
Projected salary increases	Regular: 4.20% to 9.10%, depending on service Police/Fire: 4.60% to 14.50%, depending on service Rates include inflation and productivity increases
Other assumptions	Same as those used in the June 30, 2021 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, 2021**:

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 2.50%

The discount rate used to measure the total pension liability was 7.25% as of **June 30, 2021**. 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, 2021**, 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 (7.25%) was applied to all periods of projected benefit payments to determine the total pension liability as of **June 30, 2021**.

At June 30, 2022, the Health District's proportionate share of the net pension liability is calculated using a discount rate of 7.25%. 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 (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net Pension Liability	$ 116,989,657	$ 58,760,106	$ 10,725,647

Detailed information about PERS fiduciary net position is available in the PERS ACFR, 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 $58,760,106, which represents 0.64435% of the collective net pension liability, which is an increase from the previous year's proportionate share of 0.56339%. Contributions for employer pay dates within the fiscal year ending **June 30, 2021**, were used as the basis for determining each employer's proportionate share.

For the period ended June 30, 2022, the Health District's pension expense was $9,332,742 and its reported deferred outflows and inflows of resources related to pensions as of June 30, 2022, were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 413,532
Net difference between projected and actual earnings on investments	6,508,835	47,946,374
Changes in proportion and differences between actual contributions and proportionate share of contributions	13,549,762	540,801
Change in assumptions	19,509,368	-
Contributions made subsequent to the measurement date	7,661,734	-
	$ 47,229,699	$ 48,900,707

Average expected remaining service life is 6.14 years.

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling $7,661,734 will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. 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,	
2023	$ (4,115,156)
2024	(3,664,166)
2025	(3,824,255)
2026	(4,873,158)
2027	6,275,044
Thereafter	868,949
	$ (9,332,742)

Note 10 - Postemployment Benefits Other Than Pensions

General Information about the Other Post Employment Benefit 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.
As of November 1, 2008, PEBP was closed to any new participants.

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, 2021**, 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

Total OPEB Liability

The Health District's total OPEB liability of $30,100,118 was measured as of **June 30, 2021**, 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, 2022 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.16%
Pre-Medicare Trend Rate	Select: 6.75%, Ultimate 4.0%
Post-Medicare Trend Rate	Select: 5.75%, 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, 2021	$ 4,826,982	$ 23,323,401	$ 28,150,383
Changes Recognized for the Fiscal Year			
Service cost	-	1,570,297	1,570,297
Interest	104,479	546,330	650,809
Changes in assumptions	51,775	221,432	273,207
Benefit payments	(198,836)	(345,742)	(544,578)
Net Changes	(42,582)	1,992,317	1,949,735
Balance Recognized at June 30, 2022	$ 4,784,400	$ 25,315,718	$ 30,100,118

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 from 2.21%, as of June 30, 2020, to 2.16%, as of June 30, 2021 (the actuarial measurement date).
- The trend rates were updated to an initial rate of 6.75% (5.75% 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

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 (1.16 percent) or 1-percentage point higher (3.16 percent) than the current discount rate:

	1% Decrease 1.16%	Discount Rate 2.16%	1% Increase 3.16%
PEBP	$ 5,500,000	$ 4,784,400	$ 4,200,000
RHPP	30,675,000	25,315,718	21,142,000
Total OPEB Liability	$ 36,175,000	$ 30,100,118	$ 25,342,000

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	$ 4,228,000	$ 4,784,400	$ 5,448,000
RHPP	21,132,000	25,315,718	30,636,000
Total OPEB Liability	$ 25,360,000	$ 30,100,118	$ 36,084,000

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

For the year ended June 30, 2022, the Health District recognized OPEB expense of $1,511,913. The breakdown by plan is as follows:

	PEBP	RHPP	Total All Plans
OPEB Expense	$ 156,254	$ 1,355,659	$ 1,511,913

At June 30, 2022, 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 2022 after July 1, 2021 measurement date	$ 231,262	$ -
Total PEBP	$ 231,262	$ -
RHPP		
Differences between expected and actual experience	$ 2,139,718	$ 5,779,400
Changes of assumptions or other inputs	1,643,107	2,440,027
Contributions made in fiscal year ending 2022 after July 1, 2021 measurement date	302,445	-
Total RHPP	$ 4,085,270	$ 8,219,427
Total All Plans		
Differences between expected and actual experience	$ 2,139,718	$ 5,779,400
Changes of assumptions or other inputs	1,643,107	2,440,027
Contributions made in fiscal year ending 2022 after July 1, 2021 measurement date	533,707	-
Total All Plans	$ 4,316,532	$ 8,219,427

The amount of $533,707 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
2023	$ (760,968)
2024	(760,968)
2025	(760,968)
2026	(485,931)
2027	(403,269)
Thereafter	(1,264,498)
	$ (4,436,602)

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	$ 525,852

$235,010 of the total encumbrance balance was assigned to purchase clinical health services. $53,229 of the total encumbrance balance was assigned to purchase community health services. $237,613 of the total encumbrance balance was assigned to purchase administrative services.

Required Supplementary Information

Southern Nevada Health District
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual - General Fund
For the Fiscal Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Final Budget to Actual Variance
Revenues				
Fees for service	$ 27,074,597	$ 27,830,913	$ 25,661,858	$ (2,169,055)
General receipts	-	-	214,149	214,149
Property tax	28,258,566	28,258,566	28,258,566	-
Regulatory revenue	20,430,848	20,443,400	21,579,715	1,136,315
Title XIX & other	1,480,757	878,573	2,524,093	1,645,520
Investment earnings	327,927	327,927	(1,270,116)	(1,598,043)
Total revenues	77,572,695	77,739,379	76,968,265	(771,114)
Expenditures				
Public Health				
Clinical & nursing services				
Salaries and wages	9,657,587	9,437,718	7,256,228	(2,181,490)
Employee benefits	3,850,802	3,850,802	3,106,947	(743,855)
Services and supplies	14,956,884	14,956,884	22,914,517	7,957,633
Principal	-	-	14,163	14,163
Interest	-	-	1,244	1,244
Capital outlay	10,000	-	-	-
Total clinical & nursing services	28,475,273	28,245,404	33,293,099	5,047,695
Environmental health				
Salaries and wages	12,347,710	12,347,710	12,570,546	222,836
Employee benefits	5,278,647	5,278,647	5,097,896	(180,751)
Services and supplies	722,171	722,171	6,056,525	5,334,354
Total environmental health	18,348,528	18,348,528	23,724,967	5,376,439
Community health				
Salaries and wages	7,994,920	7,994,920	7,324,419	(670,501)
Employee benefits	3,336,107	3,629,991	2,477,101	(1,152,890)
Services and supplies	3,269,605	4,423,350	6,528,097	2,104,747
Principal	-	-	307,459	307,459
Interest	-	-	27,006	27,006
Capital outlay	124,110	51,987	3,250	(48,737)
Total community health	14,724,742	16,100,248	16,667,332	567,084
Administration				
Salaries and wages	8,428,019	8,428,019	8,816,856	388,837
Employee benefits	3,602,977	3,602,977	4,610,603	1,007,626
Services and supplies	(8,492,482)	(11,996,794)	(31,594,642)	(19,597,848)
Principal	-	-	653,046	653,046
Interest	-	-	57,361	57,361
Capital outlay	235,000	235,000	341,069	106,069
Total administration	3,773,514	269,202	(17,115,707)	(17,384,909)
Total public health	65,322,057	62,963,382	56,569,691	(6,393,691)
Total expenditures	65,322,057	62,963,382	56,569,691	(6,393,691)
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,250,638	14,775,997	20,398,574	5,622,577
Other Financing Sources (Uses)				
Transfers in	-	14,500	-	(14,500)
Transfers out	(12,250,929)	(17,124,379)	(18,864,947)	(1,740,568)
Proceeds from capital asset disposal	-	-	47,833	47,833
Total other financing sources (uses)	(12,250,929)	(17,109,879)	(18,817,114)	(1,707,235)
Change in Fund Balance	(291)	(2,333,882)	1,581,460	3,915,342
Fund Balance, Beginning of Year	32,463,689	35,304,647	35,304,647	-
Fund Balance, End of Year	$ 32,463,398	$ 32,970,765	$ 36,886,107	$ 3,915,342

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, 2022

	Original Budget	Final Budget	Actual	Final Budget to Actual Variance
Revenues				
Direct federal grants	$ 5,183,726	$ 14,769,382	$ 14,769,382	$ -
Indirect federal grants	48,314,683	69,327,432	69,327,432	-
State grant funds	-	1,017,915	1,017,915	-
Other grant funds	1,007,107	808,427	808,427	-
Total revenues	54,505,516	85,923,156	85,923,156	-
Expenditures				
Public Health				
Clinical & nursing services				
Salaries and wages	3,379,612	6,149,506	6,149,506	-
Employee benefits	1,438,038	3,310,698	3,310,698	-
Services and supplies	2,575,971	19,361,469	19,361,469	-
Capital outlay	10,420	146,828	146,828	-
Total clinical & nursing services	7,404,041	28,968,501	28,968,501	-
Environmental health				
Salaries and wages	318,269	564,380	564,380	-
Employee benefits	136,058	221,030	221,030	-
Services and supplies	489,403	398,638	398,638	-
Total environmental health	943,730	1,184,048	1,184,048	-
Community health				
Salaries and wages	12,198,067	9,887,212	9,887,212	-
Employee benefits	5,168,657	4,695,346	4,695,346	-
Services and supplies	40,354,014	53,900,198	55,597,644	1,697,446
Capital outlay	647,937	1,649,799	1,649,799	-
Total community health	58,368,675	70,132,555	71,830,001	1,697,446
Administration				
Salaries and wages	28,021	769,589	769,589	-
Employee benefits	11,979	290,569	290,569	-
Services and supplies	-	1,517,496	1,517,496	-
Capital outlay	-	103,960	103,960	-
Total administration expenditures	40,000	2,681,614	2,681,614	-
Total expenditures	66,756,446	102,966,718	104,664,164	1,697,446
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,250,930)	(17,043,562)	(18,741,008)	(1,697,446)
Other Financing Sources (Uses)				
Transfers in	12,250,930	17,124,379	18,864,947	1,740,568
Transfers out	-	(14,500)	-	14,500
Total other financing sources (uses)	12,250,930	17,109,879	18,864,947	1,755,068
Change in Fund Balance	-	66,317	123,939	57,622
Fund Balance, Beginning of Year	-	(66,317)	(66,317)	-
Fund Balance, End of Year	$ -	$ -	$ 57,622	$ 57,622

See notes to required supplementary information.

PEBP Plan

	2022	2021	2020	2019
Total OPEB Liability				
Interest	$ 104,479	$ 132,809	$ 142,210	$ 158,929
Changes of benefit terms	-	-	-	-
Difference between actual and expected experience	-	240,495	-	(935)
Changes of assumptions or other inputs	51,775	770,760	196,172	(582,796)
Benefit payments	(198,836)	(223,274)	(213,733)	(210,183)
Net Change in Total OPEB Liability	(42,582)	920,790	124,649	(634,985)
Total OPEB Liability - Beginning	4,826,982	3,906,192	3,781,543	4,416,528
Total OPEB Liabilitiy - Ending	$ 4,784,400	$ 4,826,982	$ 3,906,192	$ 3,781,543
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

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

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

RHPP

	2022	2021	2020	2019
Total OPEB Liability				
Service cost	$ 1,570,297	$ 1,035,479	$ 865,693	$ 1,984,184
Interest	546,330	696,006	675,421	922,521
Changes of benefit terms	-	-	-	-
Difference between actual and expected experience	-	2,485,316	-	(8,138,337)
Changes of assumptions or other inputs	221,432	577,780	1,204,893	(1,686,349)
Benefit payments	(345,742)	(643,182)	(322,093)	(236,966)
Net Change in Total OPEB Liability	1,992,317	4,151,399	2,423,914	(7,154,947)
Total OPEB Liability - Beginning	23,323,401	19,172,002	16,748,088	23,903,035
Total OPEB Liability - Ending	$ 25,315,718	$ 23,323,401	$ 19,172,002	$ 16,748,088
Covered Payroll	$ 49,853,806	$ 40,103,356	$ 34,918,861	$ 34,918,861
Total OPEB Liability as a Percentage of Covered Payroll	50.78%	58.16%	54.90%	47.96%

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

[2] Fiscal year 2018 is the first year of implementation, therefore only five 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 Information[3]
for the Year Ended June 30, 2022

For the Year Ended June 30	Proportion of the Collective Net Pension Liability	Proportion of the Collective Net Pension Liability	Covered Payroll	Proportion of the Collective Pension Liability as a Percentage of Covered Payroll	PERS Fiduciary Net Position as a Percentage of Total Pension Liability
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%
2021	0.64435%	58,760,106	44,284,315	132.68830%	86.51000%

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

See notes to required supplementary information.

Southern Nevada Health District

Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

Proportionate Share of Statutorily Required Contribution Information

for the Year Ended June 30, 2022 and Last Seven Fiscal Years[4]

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%
2022	6,744,173	6,744,173	-	44,224,085	15.25%

[4] 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 from 2.21%, as of June 30, 2020, to 2.16%, as of June 30, 2021.
- The Pre-Medicare Select Trend Rate was increased from 7.0% to 6.75%.
- The Post-Medicare Select Trend Rate was increased from 6.0% to 5.75%.

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

For the year ended June 30, 2022, 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, 2021**.

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 10 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

Nonmajor Governmental Funds

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

Bond Reserve

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

Capital Projects

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

Southern Nevada Health District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget to Actual - Bond Reserve Fund
For the Fiscal Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Final Budget to Actual Variance
Revenues				
Interest income	$ 55,000	$ 55,000	$ (27,894)	$ (82,894)
Total revenues	55,000	55,000	(27,894)	(82,894)
Public health				
Services and supplies	2,367,855	2,367,855	-	(2,367,855)
Total expenditures	2,367,855	2,367,855	-	(2,367,855)
Deficiency of Revenues Under Expenditures	(2,312,855)	(2,312,855)	(27,894)	2,284,961
Other Financing Sources (Uses)				
Transfers out	(1,250,000)	(1,250,000)	(500,000)	750,000
Change in Fund Balance	(3,562,855)	(3,562,855)	(527,894)	3,034,961
Fund Balance, Beginning of Year	3,562,855	3,562,855	3,536,394	(26,461)
Fund Balance, End of Year	$ -	$ -	$ 3,008,500	$ 3,008,500

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, 2022

	Original Budget	Final Budget	Actual	Final Budget to Actual Variance
Revenues				
Interest income	$ 80,000	$ 80,000	$ (81,867)	$ (161,867)
Total revenues	80,000	80,000	(81,867)	(161,867)
Expenditures				
Public Health				
Services and supplies	-	-	76,900	76,900
Capital outlay	3,129,477	3,129,477	1,514,114	(1,615,363)
Total expenditures	3,129,477	3,129,477	1,591,014	(1,538,463)
Deficiency of Revenues Under Expenditures	(3,049,477)	(3,049,477)	(1,672,881)	1,376,596
Other Financing Sources				
Transfers in	1,250,000	1,250,000	500,000	(750,000)
Change in Fund Balance	(1,799,477)	(1,799,477)	(1,172,881)	626,596
Fund Balance, Beginning of Year	1,799,477	1,799,477	3,047,433	1,247,956
Fund Balance, End of Year	$ -	$ -	$ 1,874,552	$ 1,874,552

Internal Service Funds

Southern Nevada Health District
Schedule of Revenues, Expenses and Changes in Net Position - Budget to Actual -
Insurance Liability Reserve Fund
For the Fiscal Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Final Budget to Actual Variance
Revenues				
Other operating income	$ 5,100	$ 5,100	$ -	$ (5,100)
Total revenues	5,100	5,100	-	(5,100)
Nonoperating Revenues				
Interest income	5,000	3,100	(2,535)	(5,635)
Change in Net Position	$ 5,000	$ 3,100	(2,535)	(5,635)
			88,657	
			$ 86,122	

Compliance Section

EideBailly

CPAs & BUSINESS ADVISORS

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 Health District) as of and for the year ended June 30, 2022, 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 January 25, 2023.

Report on 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2022-001, 2022-002, and 2022-003 that we consider to be material weaknesses.

Report on 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as item 2022-003.

Southern Nevada Health District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Health District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Health District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

Las Vegas, Nevada
January 25, 2023

2022-001 Material Weakness in Financial Close and Reporting Controls

Criteria – The internal control structure should include procedures to ensure management is able to identify and perform material reconciliations, accruals, and adjustments in a timely manner as part of financial close.

Condition – During the course of performing audit procedures, we identified multiple year-end account reconciliations, accruals, and adjustments that had not been completed prior to the start of the audit.

Cause – The Health District experienced significant management turnover in the Finance department near year-end. As a result of this turnover, certain year-end reconciliations and adjustments were not completed until the audit process had begun.

Effect – A breakdown of controls of this magnitude could lead to a material misstatement of an account or balance that is not detected and corrected by Management.

Recommendation – We recommend that the new management team augment existing documentation of year-end reconciliation processes to be more specific regarding the exact reports, processes, and activities required to close out and balance all accounts. Further, we recommend that the Health District identify ways to improve management and staff retention in order to improve continuity within the controls process.

Management's Response – Management agrees with the finding.

2022-002 Material Weakness in Financial Close and Reporting Controls – IT Accounting System

Criteria – The internal control structure should include an accounting system that is capable of recording transactions and journal entries without error, and with sufficient controls to prevent errors.

Condition – During the course of performing audit procedures, we identified that multiple funds were out of balance due to the accounting system recording one-sided entries across multiple funds.

Cause – The Health District's accounting system appears to have experienced a breakdown in it's automated processes and controls. The result was that multiple transactions were recorded where the system was recording transactions which impacted multiple funds as one-sided journal entries. Further, these errors were not identified and corrected by Health District personnel until the audit process had begun.

Effect – A breakdown of controls of this magnitude could lead to a material misstatement of an account or balance that is not detected and corrected by Management.

Recommendation – We recommend that the Health District review the accounting systems processes and controls, communicate with their vendor, and implement safeguards to ensure that this issue does not recur.

Management's Response – Management agrees with the finding.

2022-003 Noncompliance with Nevada Revised Statutes Budget Requirements
Material Noncompliance
Material Weakness in Internal Control Over Compliance

Criteria – Nevada Revised Statute (NRS) 354.626, *Unlawful expenditure of money in excess of amount appropriated; penalties; exceptions*, states that "No governing body or member thereof, officer, office, department or agency may, during any fiscal year, expend or contract to expend any money or incur any liability, or enter into any contract which by its terms involves the expenditure of money, in excess of the amounts appropriated for that function, other than bond repayments, medium-term obligation of repayments and any other long-term contract expressly authorized by law."

NRS 354.598005, *Procedures and requirements for augmenting or amending budget,* allows for the transfer of budget appropriations between functions and/or funds if such a transfer does not increase the total appropriation for any fiscal year and is not in conflict with other statutory provisions. Budget appropriations may be transferred in the following manner:

(a) The person designated to administer the budget for a local government may transfer appropriations within any function.
(b) The person designated to administer the budget may transfer appropriations between functions or programs within a fund, if:
    (1) The governing body is advised of the action at the next regular meeting; and
    (2) The action is recorded in the official minutes of the meeting.
(c) Upon recommendation of the person designated to administer the budget, the governing body may authorize the transfer of appropriations between funds or from the contingency account, if:
    (1) The governing body announces the transfer of appropriations at a regularly scheduled meeting and sets forth the exact amounts to be transferred and the accounts, functions, programs and funds affected;
    (2) The governing body sets forth its reasons for the transfer; and
    (3) The action is recorded in the official minutes of the meeting.

Condition – The Health District made transfers in excess of budget of $1,740,568 from the General Fund to the Special Revenue Fund without obtaining Board approval. Additionally, the Health District's Special Revenue Fund expenditures exceeded the available budget appropriations by $1,697,446.

Cause – Controls over adhering to the NRS budget requirements were not properly followed to prevent material noncompliance from occurring. The Health District's budget augmentation did not fully take into account the increased revenues and resource demands of the special revenue funds that result from the Health District's cost allocation plan. As a result, allocations to the Special Revenue fund from the General Fund were not adequately budgeted.

Effect – The Health District is not in compliance with the NRS budget requirements identified above.

Recommendation – We recommend management revisit the Health District's process for establishing, monitoring, amending, and augmenting its final budget.

Management's Response – Management agrees with the finding.

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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 "Health District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, except as noted below, nothing came to our attention that caused us to believe that the Health District, failed to comply with the specific requirements of Nevada Revised Statutes. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Health District's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

CURRENT YEAR STATUTE COMPLIANCE

The Health District conformed to all significant statutory constraints on its financial administration during the year except for those items identified in Note 2 of the accompanying financial statements.

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

The Health District monitored all significant constraints on its financial administration during the year ended June 30, 2022.

PRIOR YEAR RECOMMENDATIONS

We noted no material weakness and reported no significant deficiencies in internal control for the prior year.

CURRENT YEAR RECOMMENDATIONS

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

Eide Bailly LLP

Las Vegas, Nevada
January 25, 2023