

MINUTES

Southern Nevada District Board of Health Audit Committee Meeting

330 Valley View Boulevard, Las Vegas, Nevada 89107
Administrative Conference Room #1

Thursday, March 14, 2013

Chair Beers called the meeting to order at 9:34 am. Annette Bradley, Esq., confirmed the meeting had been noticed in accordance with Nevada's Open Meeting Law. Committee attendance did not constitute a quorum and the discussion would be considered a Budget Briefing.

Committee Members Present:

Bob Beers	Chair, Councilman, City of Las Vegas
Lori Winchell	At-Large Member, Registered Nurse (joined by telephone at 9:46 am)
Rod Woodbury	Councilman, Boulder City (via telephone)

Committee Members Absent:

Sam Bateman	Councilman, Henderson
Susan Crowley	At-Large Member, Environmental Specialist
Allan Litman	Councilman, Mesquite

Executive Secretary: John Middaugh, MD

Legal Counsel: Annette L. Bradley, Esq.

Board of Health Members: None

Staff: Elaine Glaser, Mars Patricio, Jr. and Valery Klaric, Recording Secretary.

Public: Earl Hawley, Esq.

II. PUBLIC COMMENT

Public comment is a period devoted to comments by the general public on items listed on the agenda. All comments are limited to five (5) minutes.

Chair Beers asked if any members of the public wished to address the Committee regarding items appearing on the agenda. Seeing no one, he closed the Public Comment section.

III. ADOPTION OF THE MARCH 14, 2013 AGENDA

Chair Beers noted that the agenda could not be approved due to lack of quorum.

IV. REPORT / DISCUSSION / ACTION

A. Approval of Audit Committee Meeting Minutes – November 15, 2012

Chair Beers noted that the minutes were not approved due to lack of quorum and will be presented for approval at the next Audit Committee meeting.

B. Receive, Review and Discuss the Southern Nevada Health District's Preliminary Budget for FY 2014.

Elaine Glaser, Director of Administration, stated that the budget presentation is the pre-tentative budget and an opportunity to obtain feedback in terms of content, delivery,

presentation and input to provide clear presentations to the Board. Ms. Glaser reviewed the slide showing factors that could impact the financial future and stated it will be near impossible to budget as accurately and tightly due to both known and unknown factors impacting SNHD. Upon finalization of the Supreme Court decision regarding the underfunded property tax revenue a start date for interest accrual will be determined. Upward of \$1,690,000 will be received as a result of the Clean Water Coalition vs. M Resort filed by the county against the state after a May 26th decision, which is part of a tax allocation and part of the underfunded tax validation. Loss of grant funds that could be as much as 8% will be discussed later in the meeting. Facility/Building acquisition expenses could continue into FY 2014.

Factors that may Change the Financial Picture - Fiscal Year 2014

- **Receipt of Underfunded Property Tax Revenue:**
 - FY 2012 \$ 14,177,948**
 - FY 2013 \$ 2,093,578**
 - 5% Interest income due on Underfunded amount**
Note: Exact amount to be determined.
- **Receipt of \$ 1,690,000 on Clean Water Coalition**
- **Federal Budget – Sequestration**
 - Potential Loss of Grant Funds**
- **Federal Grants**
 - Potential to Receive New Funds**
- **Facility/Building Acquisition & Relocation Expenses**

Grant opportunities and threats were reviewed:

Grant Opportunities and Threats

- **Opportunities:**
 - Chronic Disease Grant @ \$1,000,000 for 5 Years**
 - Tobacco Cessation Grant @ \$300,000 for 1 Year**
 - STD Grant @ \$500,000 for 5 Years**
 - FDA Grant @ \$2,000,000 for 4 Years**

- **Threats:**
 - Federal Sequestration may reduce overall grant revenue by 8%.
Total projected grant revenue for FY13-14 may decline by
\$1,000,000.**

Ms. Glaser informed the committee that the SNHD funds were listed for clarity and noted the Unrestricted General Fund is now known as Unassigned Fund.

**Southern Nevada Health District
 Preliminary Budget FY 2014
 List of Funds**

Governmental Funds:				
a) General Fund				
b) Bond Reserve (Building) Fund				
c) Capital Projects Fund				
Proprietary Funds:				
a) Southern Nevada Public Health Laboratory (SNPHL) Fund				
b) Insurance Liability (Workmen's Compensation) Fund				
Fiduciary Fund:				
a) Retiree Health Insurance Fund				

Ms. Glaser reported on the following General Fund slide that balance is current to this point in the fiscal year and quarterly updates may be provided. Addition of property tax revenue and funds from the Clean Water Coalition revenue will result in total budgeted revenue of \$75,256,107. The only transfer recommended to the Board of Health is the transfer to the Building Fund at the historical percentage. Interest income on Amount due from County based on State Supreme Court decision is not included in the revenue and will be added when the amount is determined. Dr. Middaugh stated the Bond Fund was expected to generate \$1.2 to \$1.3 million annually and was intended to pay the bond debt service. The fund continues to grow as neither the bond, nor the new building occurred. Research to determine where the historical .25 allocation to the Bond Fund was established showed nothing in writing, statute, historical research and review of committee discussions. Reserve funds will be drawn down and used for operating funds on as needed basis and will be replenished upon receipt of the withheld funds. We will determine what proportion of the funds to allocate to the operating funds and programs. Although our funds will appear inflated upon receipt of the money from Clark County we have the building issues and operating programs to maintain. The budget will include increases in some program operations to meet the needs of the community. We are in dialogue with the County to determine the best solution to our building program and plan to present building options in the future. No money was taken from the building fund to fund operations and contributions to the building fund in 2012. Transfer to the Building fund was based on a portion of the actual amount of tax allocation received. The different funds can be moved by action of the Board appropriate to needs of the District. Member Woodbury stated that although SNHD will have an influx of \$20 million that will be viewed by other entities, stakeholders and employees as a large amount, we have an operating budget that challenges us to maintain services and funds and will decrease significantly with resolution of the building issues. SNHD revenue sources are fees, fines, property tax allocation and federal grant money. Federal grants provide 20% of our funding and we continue to work to increase grants to support operations. We currently have a favorable three year bargaining agreement with two years remaining and containing no raises. Dr. Middaugh reported very positive relations with the union. Chair Beers stated that a government standard change was implemented eliminating the common past managerial practice of putting cash in a particular fund and not including it in cash balances as the funds are earmarked and suggested consulting our auditors for information. He also suggested either speaking with our auditors or inviting them to the next meeting regarding options under governmental accounting standards to clearly segregate a portion of our funds as if it were already a capital asset. Dr. Middaugh reported the Clark County Treasurer recommended planning for flat funding of \$15.9 million for FY 2014 property tax allocation which was recalculated at \$18.2 million based on the Supreme Court decision.

These figures show acknowledgement of the Supreme Court decision adding to our projected revenue of \$17.9 million by the County and acknowledging our operating fund and building problems and our need of the full allocation to run our programs in 2014.

Chair Beers questioned the financial status if the dispute with Clark County had not occurred in particular with building fund accruals and money spent on operations in comparison with the budget. He noted the Board will have to be careful not to spend money on operations from funds saved for the building. Loss of funds resulted in program activities that were not launched and uncertainties of the budget and building require a decision on accruing the funds and determine what portion to use for programs to meet the District's unmet needs. We don't want to amass a bank account when we have major programmatic needs. We have a negative budget this year and will be proposing that the board approve the negative budget and we will ask to draw down some of the reserves to eliminate that gap. Some of the program activities will be enhanced, e.g., daycare centers, increased immunization, pertussis.

Member Woodbury stated that he would be interested in seeing a list of contingent liabilities to our programmatic or operational wish list that would impact our funds and be useful for future planning. Dr. Middaugh said this is part of the budget preparation. We are looking at the essential core programs recommended for prioritization to improve our public health status, assure community protection and identify needs to increase the amount of public health funding in future years to serve this community and identify critical needs requiring funding. Cash balances will not be very robust when the building issue is resolved.

General Fund Preliminary Budget FY 2014

Beginnig Fund Balance		\$ 6,765,386	(a)
Receipts of Underfunded Share in Tax Allocation:			
Property Taxes:			
FY 2012	\$ 14,177,948		
FY 2013	2,093,578		
Total Property Taxes		16,271,526	(b)
Clean Water Coalition Case		1,690,000	(b)
Total Revenues		57,294,581	
Total Expenditures		(66,020,898)	
Total Transfer to Building Fund		(1,301,226)	
Total Expenditures and Transfer		(67,322,124)	
Ending Fund Balance		\$ 14,699,369	©
(a) Based on the approved FY 2013 estimated operating revenues and expenditures.			
(b) Amount due SNHD per State Supreme Court decision. Related 5% interest income due is not included.			
© This represents 22% or around 2.7 months of FY 2014 budgeted General Fund Total Expenditures.			
<i>Note: SNHD BoH approved a policy authorizing SNHD to maintain at a minimum, unrestricted fund balance in the General Fund of between two to three months or 16.6% to 25% of general fund operating expenditures.</i>			

Chair Beers recommended adding at FY 2011 Column for comparison to the General Funding Ending Fund Balance information.

**General Fund
 Ending Fund Balance
 Preliminary Budget
 FY 2014**

Description	Actual FY 2012	Approved FY 2013	Estimated FY 2013	Preliminary FY 2014
Fund Balance, Beginning	30,050,077	13,382,077	13,382,077	6,765,386
Underfunded Share in Tax Allocation:				
Property Taxes:				
FY 2012				14,144,948 **
FY 2013				2,093,578 **
Clean Water Coalition Case				1,690,000 **
Total Revenue	56,309,126	61,007,461	57,375,588	57,294,581
Total Operating Expenditures	(68,224,066)	(70,654,660)	(62,858,450)	(66,020,898)
Transfer to Capital Fund	(3,534,845)	(1,526,461)	-	-
Transfer to Liability Reserve Fund	(300,000)	-	-	-
Transfer to Proprietary Fund	(511,771)	-	-	-
Transfer to Bond Reserve (Building) Fund	(406,444)	(1,283,311)	(1,133,829)	(1,301,226)
Fund Balance, Ending	13,382,077	925,106	6,765,386	14,666,369
Fund Balances:				
Non-spendable:				
Inventory	629,770			
Prepaid Items	377,737			
Unassigned	12,374,570	925,106	6,765,386	14,666,369
Total Fund Balances	13,382,077 *	925,106	6,765,386	14,666,369
Note:				
*	Ending Fund Balance comes from the audited FY 2012 Comprehensive Annual Financial Report (CAFR).			
**	Amount due SNHD per State Supreme Court decision. Related 5% interest income due is not included.			

The General Fund Transfers reflect the transfer to the Building Bond Fund, which will be adjusted to include the additional \$1 million for 2014.

**General Fund
 Transfers
 Preliminary Budget
 FY 2014**

Description	Amount
Capital Reseve Fund	\$ - *
Proprietary (SNPHL) Fund	- *
Liability Reserve (Workmen's Comp) Fund	- *
Bond Reserve (Building) Fund	(1,301,226)
Total Transfers	<u>\$(1,301,226)</u>
Note:	
* No transfer was budgeted for FY 2014.	

The General Fund Revenue Comparison slide with add a line demonstrating showing funds currently generated and what is making up for the Supreme Court ruling and the Budgeted 2014 Clark County Property Tax Allocation figure of \$18,224,456 does not include that amount and will add an asterisk the 2012 to reflect the \$14.1 million underfunding.

**General Fund
 Revenue Comparison
 Fiscal Years 2010 – 2014**

Description	ACTUAL			Estimated 2013	Budget 2014
	2010	2011	2012		
Charges for Services:					
Ttile XIX Medicaid	595,060	547,452	608,192	561,091	533,285
Fees for Services	5,963,518	5,581,494	5,200,688	5,373,273	5,241,941
Regulatory Services	23,142,972	22,978,296	22,897,904	21,641,596	19,583,000
Program Contract Services	2,835,603	2,308,693	1,879,517	530,787	1,360,226
Intergovernmental Revenues:					
State Funding	987,147	979,488	437,330	400,000	400,000
Indirect Federal Grants	13,947,975	9,463,763	8,092,743	9,308,323	9,364,171
Direct Federal Grants	2,351,437	10,105,237	10,995,381	3,312,143	2,366,002
Contributions and Donations	12,556	13,777	13,157	8,678	11,000
General Receipts					
Interest Earnings	732,424	683,871	477,086	350,000	200,000
Other Receipts	17,870	21,097	14,594	9,735	10,500
Clark County Property Tax Allocation	24,942,525	21,406,846	5,692,534	15,879,962 *	18,224,456 **
Total Revenues	75,529,087	74,090,014	56,309,126	57,375,588	57,294,581
Note:					
* Does not include underfunded Property Tax amount of \$2,093,578 plus 5% interest income as a result of State Supreme Court decision.					
** Estimate was provided by the County Budget Office.					

**General Fund
 Budgeted Revenue Changes
 Fiscal Years 2013 - 2014**

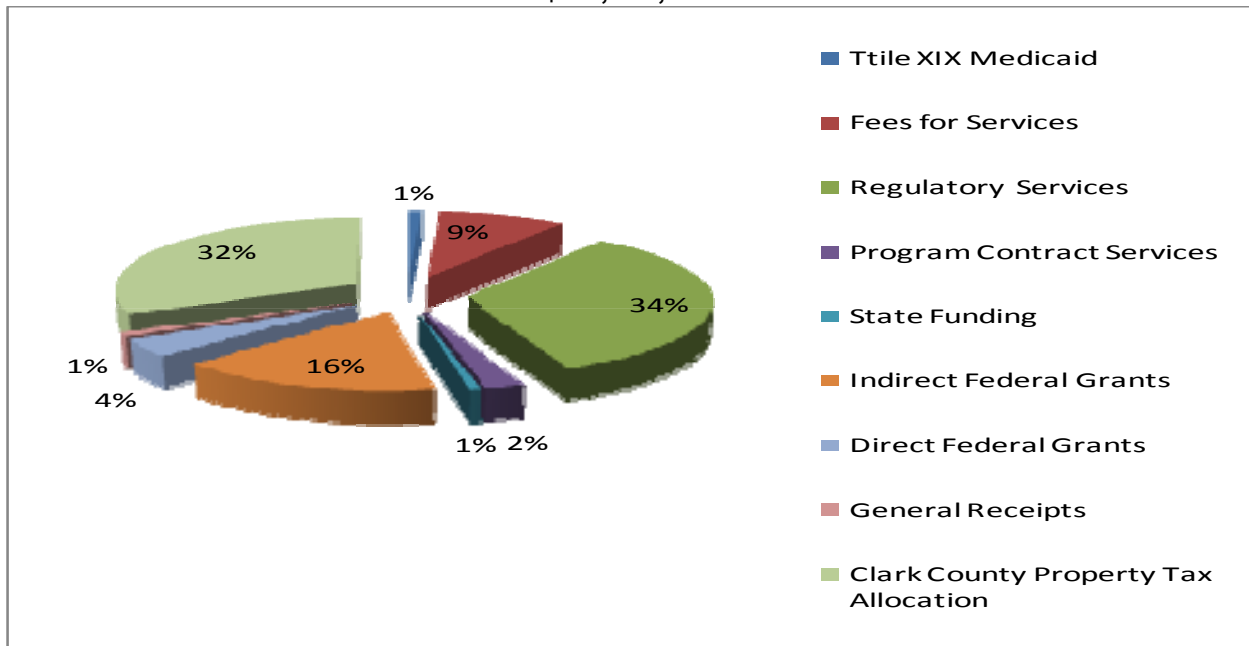
Description	BUDGET		CHANGES	
	2013	2014	INCREASE (DECREASE) Amount	%
Charges for Services:				
Ttile XIX Medicaid	588,895	533,285	(55,610)	-9%
Fees for Services	5,458,740	5,241,941	(216,799)	-4%
Regulatory Services	22,676,666	19,583,000	(3,093,666)	-14%
Program Contract Services	583,866	1,360,226	776,360	133%
Intergovernmental Revenues:				
State Funding	400,000	400,000	0	0%
Indirect Federal Grants	9,412,091	9,364,171	(47,920)	-1%
Direct Federal Grants	3,548,339	2,366,002	(1,182,337)	-33%
Contributions and Donations	6,355	11,000	4,645	73%
General Receipts:				
Interest Earnings	350,000	200,000	(150,000)	-43%
Other Receipts	8,969	10,500	1,531	17%
Clark County Property Tax Allocation	17,973,540	18,224,456 *	250,916	1%
Total Revenues	61,007,461	57,294,581	(3,712,880)	-6%
Note:				
* Estimate was provided by the County Budget Office.				

General Fund Sources of Budgeted Revenue Fiscal Years 2013 – 2014

Description	FY 2013 BUDGET		FY 2014 BUDGET	
	Amount	%	Amount	%
Charges for Services:	29,308,167	48%	26,718,452	47%
Ttile XIX Medicaid	588,895	1%	533,285	1%
Fees for Services	5,458,740	9%	5,241,941	9%
Regulatory Services	22,676,666	37%	19,583,000	34%
Program Contract Services	583,866	1%	1,360,226	2%
Intergovernmental Revenues:	13,360,430	22%	12,130,173	21%
State Funding	400,000	1%	400,000	1%
Indirect Federal Grants	9,412,091	15%	9,364,171	16%
Direct Federal Grants	3,548,339	6%	2,366,002	4%
Contributions and Donations	6,355	0%	11,000	0%
General Receipts:	358,969	1%	210,500	0%
Interest Earnings	350,000	1%	200,000	0%
Other Receipts	8,969	0%	10,500	0%
Clark County Property Tax Allocation	17,973,540	29%	18,224,456	32%
Total Revenues	61,007,461	100%	57,294,581	100%

Note: * Estimate was provided by the County Budget Office.

General Fund Preliminary Budget Fiscal year 2014 Detail of Revenues \$ 57,294,581



**Enterprise (or Proprietary) Fund
 Budgeted Revenue & Expenses
 Fiscal Years 2013 – 2014**

**SOUTHERN NEVADA PUBLIC HEALTH LABORATORY
 (S N P H L)**

➤ Expenditures total \$ 3,479,087 *

Note:

- Excludes depreciation expense of \$ 183,000.

NRS 354.517 "Enterprise fund" defined. "Enterprise fund" means a fund established to account for operations:

1. Which are financed and conducted in a manner similar to the operations of private business enterprises, where the intent of the governing body is to have the expenses (including depreciation) of providing goods or services on a continuing basis to the general public, financed or recovered primarily through charges to the users; or

2. For which the governing body has decided that a periodic determination of revenues earned, expenses incurred and net income is consistent with public policy and is appropriate for capital maintenance, management control, accountability or other purposes.

(Added to NRS by 1971, 200; A 1981, 1761)

➤ Revenue of \$ 1,443,546 is made up of:

- \$ 1,372,546 Federal Funds Distributed by State
- \$ 68,000 General Receipts
- \$ 3,000 Program Contract Services

➤ No Transfer from the General Fund is planned for FY 2014.

**Estimated Ending Fund Balances
 Preliminary Budget
 Fiscal Year 2014**

	GOVERNMENTAL FUNDS			PROPRIETARY FUNDS	
	General Fund 05	Capital Reserve Fund 06	Building Fund 07	Workmen's Comp Fund 62	SNPHL Fund 70
Fund Balance, Beginning	6,765,386	6,738,560	12,519,530	850,482	3,312,475 (a)
Underfunded Share in Tax Allocation	-				
Property Taxes:					
FY 2012	14,144,948				
FY 2013	2,093,578				
Clean Water Coalition Case	1,690,000				
Revenue	57,094,581	-	-	-	1,375,546
Transfer In	-	-	1,283,311	-	-
Interest Earned	200,000	62,000	96,000	8,400	42,000
Expenditures	(66,020,898)	-	-	(100,000)	(3,479,087)
Transfer Out	(1,301,226)	-	-	-	-
Fund Balance, Ending	14,666,369	6,800,560	13,898,841	758,882	1,250,934
Note:					
(a) Added Depreciation Expenses which were deducted from the Fund Balance:					
FY 2012 \$ 182,828					
FY 2013 \$ 183,000					
Total \$ 365,828					

**Southern Nevada Health District
 Preliminary Budget FY 2014
 Fiduciary Fund Estimated Balance**

<u>Description</u>	Retiree Health Insurance Fund 62
Fund Balance, Beginning	435,074
Underfunded Share in Tax Allocation	-
Revenue	15,000
Transfer In	-
Interest Earned	-
Expenditures	-
Transfer Out	-
Fund Balance, Ending	450,074

C. **Discuss and Approve Recommendations to the Southern Nevada District Board of Health on March 28, 2013 Regarding the Preliminary FY14 Budget.**

The pre-tentative budget will be presented at the March 28, 2013 Board of Health meeting.

- V. **PUBLIC COMMENT:** A period devoted to comments by the general public, if any, and discussion of those comments, about matters relevant to the Board's jurisdiction will be held. No action may be taken upon a matter raised under this item of this Agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken pursuant to NRS 241.020. Comments will be limited to five (5) minutes per speaker. Please clearly state your name and address, and spell your last name for the record. If any member of the Board wishes to extend the length of a presentation, this may be done by the Chairman or the Committee by majority vote.

Chairman Beers opened the meeting for public comment and seeing none closed this portion of the meeting.

VI. **ADJOURNMENT**

The meeting adjourned at 10:29 am.

Respectfully Submitted,

Bob Beers, Chair

/vk