

Clark County, Nevada

Management's Discussion and Analysis  
June 30, 2019

The discussion and analysis of Clark County, Nevada (the County) is designed to, (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the County's financial activities, (c) identify changes in the County's financial position (its ability to address subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

We encourage readers to read this information in conjunction with the transmittal letter, financial statements and accompanying notes to gain a more complete picture of the information presented.

Financial Highlights - Primary Government

- The independent auditor's report offers an unmodified opinion that the County's financial statements are presented fairly in all material respects.
- Government-wide net position totaled \$9,163,866,469. Net position of governmental activities totaled \$6,143,300,670 and those of business-type activities totaled \$3,020,565,799.
- The County's total net position increased by \$ 571,220,194. Net position from governmental activities increased by \$371,167,973 and net position from business-type activities increased by \$200,052,221. Net position from governmental activities increased mainly because of increased general revenues and capital grants and contributions. Net position from business-type activities increased largely due to UMC, Clark County Water Reclamation, and Department of Aviation surpluses.
- Unrestricted net position was (\$700,480,179), with (\$765,477,740) resulting from governmental activities and \$64,997,561 from business-type activities. Unrestricted net position from governmental activities increased by \$115,289,630 from the prior year, and unrestricted net position from business-type activities increased by \$62,928,990 from the prior year.
- Net capital assets were \$13,024,501,502 of which \$6,575,162,099 was from governmental activities and \$6,449,339,403 was from business-type activities. Major additions for governmental activities during the year included \$257 million toward beltways, roadways, and streets and \$59 million toward flood control projects. Major additions for business-type activities during the year included \$61 million in Department of Aviation capital expenditures, the eighth largest airport in the United States, \$33 million in UMC capital expenditures, and \$63 million in sewer system and related equipment additions. Depreciation expense attributable to assets of governmental activities amounted to \$309,584,892 for the year, and \$321,220,190 for business-type activities.
- Bonds and loans payable totaled \$6,425,153,539. The following new debt was issued during the fiscal year:

Governmental activities:

General obligation bonds:

- \$ 150,000,000 in bonds for park improvements
- \$ 272,565,000 in bonds for transportation improvements
- \$ 31,225,000 in bonds for transportation refunding bonds

Special assessment bonds:

- \$ 1,803,030 in bonds for Special Improvement Districts

Note payable:

- \$ 20,743,750 in notes payable for the purchase of the Regional Justice Center
- \$ 215,170,000 in notes payable for the purchase of the Detention Center

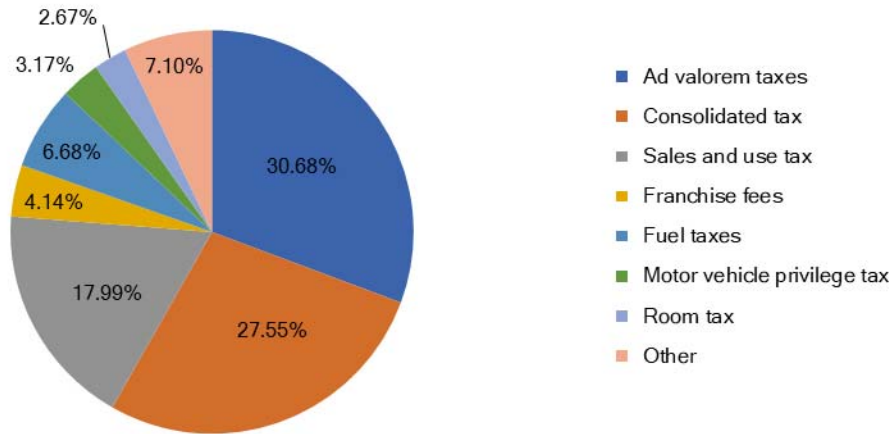
- On August 18, 2018 the County signed an interlocal agreement with the City of Las Vegas regarding the County's purchase of the City's leasehold interest in the City's private space in the Regional Justice Center. On October 16, 2018, the County signed a resolution authorizing a \$5,400,000 medium term obligation (Note Payable) with the City of Las Vegas to be paid in four (4) equal installments of \$1,350,000 annually, commencing on July 1, 2021 with no interest. The installment payments will be paid from the unrestricted fund balance in the Long-Term County Bonds Debt Service Fund. The term of the agreement is through July 2, 2024.
- On October 16, 2018, the County issued \$1,803,030 in Special Improvement District No. 162A (Laughlin Lagoon) Local Improvement Bonds with an interest rate of 6.93%. Additionally, \$1,611,465 was received in prepayments. The proceeds totaled \$3,414,495. The proceeds were used to finance the cost of improving a waterfront project and pay the costs of issuing the Bonds. The bonds will be repaid from assessments levied in SID 162A. Principal and Interest is paid semiannually beginning February 1, 2019. The bonds mature on August 1, 2028.
- On November 1, 2018, the County issued \$25,000,000 in Subordinate Revenue Notes, Series 2018A (Regional Justice Center) with an interest rate of 2.75%. The note proceeds totaled \$25,000,000. The proceeds were used to purchase the City's leasehold space in the Regional Justice Center to accommodate additional County courtroom facilities and related support offices as well as necessary tenant improvements and pay the costs of issuing the Notes. Interest was paid on

February 1, 2019. The note's outstanding principal and interest was paid on July 31, 2019. These notes were an interim financing method. On July 31, 2019, the County issued \$13,405,000 in General Obligation (Limited Tax) Bonds, Series 2019B with an interest rate ranging from 3.0% to 5.0% that were additionally secured by court administrative assessment fees. The bond proceeds totaled \$15,619,355. Of this amount, \$15,343,750 was used to refinance the Series 2018A Subordinate Revenue Notes and is included in long-term debt. The remaining balance of \$9,656,250 was paid with county funds and is included in short-term debt.

- On November 20, 2018, the County issued \$150,000,000 in General Obligation (Limited Tax) Park Improvement Bonds (Additionally Secured by Pledged Revenues) Series 2018. The bond proceeds totaled \$166,409,119. The proceeds of the bonds were used to acquire, improve, equip, operate and maintain park projects and pay the costs of issuing the 2018 Bonds. The long-term bonds will be repaid by consolidated tax revenues. Interest payments are paid semiannually on December 1 and June 1 beginning December 1, 2019 with an interest rate ranging from 4.0% to 5.0%. Principal payments will be paid annually beginning December 1, 2020. The bonds mature on December 1, 2038.
- On November 20, 2018, the County issued \$272,565,000 in General Obligation (Limited Tax) Transportation Improvement Bonds (Additionally Secured by Pledged Revenues) Series 2018B (Strip Resort Corridor). The bond proceeds totaled \$301,216,997. The proceeds of the bonds were used to accelerate the construction of transportation projects and pay the costs of issuing the 2018B Bonds. Projects include but are not limited to pedestrian bridges and improvements to roadways in the Strip Resort Corridor. The long-term bonds will be repaid by proceeds from a 1 % room tax collected on the gross receipts from the rental of transient lodging (hotel/motel rooms) in the Strip Resort Corridor. Interest payments are paid semiannually on December 1 and June 1 beginning June 1, 2019 with an interest rate ranging from 4.0% to 5.0%. Principal payments will be paid annually beginning December 1, 2020. The bonds mature on December 1, 2039.
- On December 19, 2018, the County issued \$215,170,000 in Subordinate Revenue Notes, Series 2018B (Detention Center) with an interest rate of 2.7855%. The note proceeds totaled \$215,170,000. The proceeds were used to purchase the Detention Center Property located at 4900 North Sloan Lane and pay the costs of issuing the 2018B notes. In September 2007, the County entered into a long-term lease agreement with PH Metro, LLC for the Detention Center Property, which consists of approximately 15.3 acres of land, a 230,834 square foot correctional and administrative building, and related facilities. The term of the lease commenced on August 10, 2009 and included an option to purchase the property beginning ten years after the recordation of the deed of trust for the landlord's permanent loan. In December 2018, Clark County exercised its purchase option. These notes were an interim financing method that were refinanced with long-term General Obligation Detention Center Bonds Series 2019 additionally secured by pledged consolidated tax revenues on July 31, 2019 and are therefore included in long-term debt. Interest payments were paid monthly beginning February 1, 2019 at an interest rate of 2.7855% per annum.
- On March 12, 2019, the County issued \$31,225,000 in General Obligation (Limited Tax) Transportation Refunding Bonds (Additionally Secured by Pledged Revenues) Series 2019B. The bond proceeds totaled \$36,482,456.50. The proceeds of the bonds were used to refund a portion of the General Obligation (Limited Tax) Transportation Bonds (Additionally Secured with Pledged Revenues) Series 2009B-1 (Taxable Direct Pay Build America Bonds) (the Series "2009B Bonds") for interest rate savings; and to pay the costs of issuing the Bonds. The proceeds of the Series 2009B Bonds were originally used to finance transportation improvement projects. The long-term bonds will be repaid by a 1% room tax collected on the gross receipts from the rental of transient lodging (hotel/motel rooms) in the Strip Resort Corridor. Interest payments are paid semiannually on June 1 and December 1 beginning June 1, 2019 with an interest rate of 5%. Principal payments will be paid annually beginning June 1, 2020. The bonds mature on June 1, 2029.

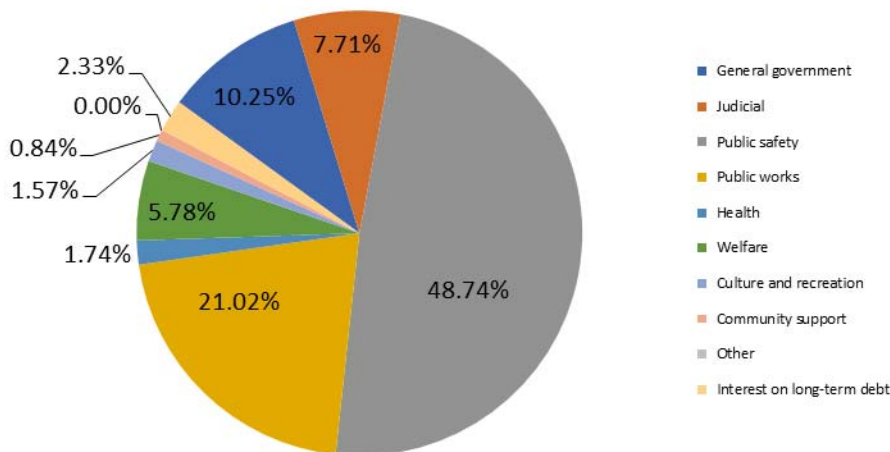
- The County's primary general revenue sources for governmental activities were ad valorem taxes in the amount of \$695,809,644, consolidated taxes in the amount of \$624,903,839, and sales and use taxes of \$408,081,158. These three revenue sources comprised 31 percent, 28 percent, and 18 percent, respectively, or 77 percent of total governmental activities general revenues.

**General Revenues - Governmental Activities:**



- The County's total expenses were \$4,642,002,558. Governmental activities comprised \$3,056,586,297 of total expenses, the largest functional expenses being public safety in the amount of \$1,490,035,814 and public works in the amount of \$642,811,504. Business-type activities accounted for \$1,585,416,261 of total expenses, the largest components being for hospital expense in the amount of \$703,700,839 and airport in the amount of \$633,222,749.

**Expenses - Governmental Activities:**



- General government expenses totaled \$313,247,407 or 4% more than the prior year.
- Public safety expenses totaled \$1,490,035,814 or 7% more than the prior year.
- Public works expenses totaled \$642,811,504 or 6% more than the prior year.
- Health expenses totaled \$53,205,523 or 14% less than the prior year due to a decrease in Intergovernmental Transfers (IGT) payments.
- Welfare expenses totaled \$176,755,937 or 8% more than the prior year.

- At the end of the fiscal year, the unassigned fund balance for the General Fund was \$237,853,344 or 12% of total General Fund expenditures and transfers out.

#### Overview of the Financial Statements

- This discussion and analysis is intended to serve as an introduction to the County's basic financial statements which are composed of government-wide financial statements, fund financial statements, and accompanying notes. This report also contains required supplementary information in addition to the basic financial statements.

#### Government-Wide Financial Statements

- The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business.
- The statement of net position presents information on all of the County's assets, deferred outflows, liabilities, and deferred inflows. The difference between assets and deferred outflows less liabilities and deferred inflows 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 County is improving or deteriorating.
- The statement of activities presents information showing how the County'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 in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).
- The government-wide financial statements report three types of activities: governmental activities, business-type activities, and discretely presented component units. The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, judicial, public safety, public works, health, welfare, culture and recreation, community support, and interest on long-term debt. The business-type activities of the County include operations of its hospital, airports, sewer utilities, and other operations. Discretely presented component units account for functions of legally separate entities for whom the County is financially accountable or whose governing bodies are substantially the same as the County. The activities of the discretely presented component units include regional transportation, flood control planning, stadium authority, and water districts. Complete financial statements of the individual component units can be obtained from their respective administrative offices. Contact information is included in The Reporting Entity section of Note I, Summary of Significant Accounting Policies.
- The government-wide financial statements include not only the governmental and business-type activities of the County itself (known as the primary government), but also those of the legally separate entities for whom the County is financial accountable and whose governing bodies are substantially the same as the County: University Medical Center (UMC) and the Clark County Water Reclamation District. The Board of County Commissioners acts as the governing board for each of these component units whose activities are blended with those of the primary government because they function as part of the County government. Complete financial statements of the individual component units can be obtained from their respective administrative offices. Contact information is included in The Reporting Entity section of Note I, Summary of Significant Accounting Policies.

#### Fund Financial Statements

- A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The County, 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 County can be divided into three categories: governmental funds, proprietary funds, and 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 evaluating the County's near-term financial requirements.
- Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County'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 County maintains 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 the Las Vegas Metropolitan Police Department fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds are provided in the combining and individual fund statements and schedules. In accordance with

Governmental Accounting Standards Board (GASB) Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* certain special revenue funds have been included in the General Fund for financial reporting purposes as shown in the Major Governmental Funds section. These funds are not included for budgetary comparison purposes described below.

- The County adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement is provided for each of the County's governmental funds to demonstrate compliance with the budget. The budgetary comparison statements for the major governmental funds are presented as required supplementary information; the budgetary comparison statements for all other governmental funds are included in the fund financial schedules and accompanying supplementary information.

#### ***Proprietary Funds***

- The County maintains two distinct types of proprietary funds.
  - ◆ Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its hospital, airport, sewer, and other activities.
  - ◆ Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The County uses internal service funds to account for the following activities:
    - \* Construction management
    - \* Fleet maintenance
    - \* Investment pool operations
    - \* Employee benefits
    - \* Central printing and mailing
    - \* Information systems development
    - \* Self-insurance activities, including:
      - + Liability insurance
      - + Workers' compensation
      - + Group insurance
- Proprietary funds provide the same type of information as the government-wide business-type activities financial statements, but with more detail. The proprietary fund financial statements provide separate information for UMC, and Clark County Water Reclamation District, each of which is a blended component unit and reported as a major fund within the fund financial statements. In addition, separate information is provided for an additional major fund, the Department of Aviation. Conversely, the other non-major enterprise funds and the internal service funds are combined into separate single aggregated presentations in the proprietary fund financial statements. Individual fund data for the other non-major enterprise funds and internal service funds is provided in the combining and individual fund statements and schedules.

#### ***Fiduciary Funds***

- The County's fiduciary funds consist of two (2) employee benefit funds, one (1) pension (and other employee benefit) fund, one (1) investment trust fund, and 38 agency funds. The employee benefit funds are the Medical Insurance Premium Retirement Plan and the County Section 125 Plan. The pension (and other employee benefit) fund is the Las Vegas Valley Water District Pension and Other Employee Benefits Plans. The investment trust fund is to account for the net position of the County's external investment pool. The agency funds are used to hold monies for other entities or individuals until disposition.

#### ***Notes to Financial Statements***

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

**Other Information**

- In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Las Vegas Valley Water District’s progress in funding its obligation to provide pension benefits to its employees. It also includes a schedule of budgetary comparisons for the following major governmental funds:
  - ♦ General Fund
  - ♦ Las Vegas Metropolitan Police Department Special Revenue Fund
- The combining statements and individual fund budgetary schedules are presented immediately following the required supplementary information.
- Unaudited statistical information is provided on a ten-year basis for trend and historical analysis.

**Government-Wide Financial Analysis**

- Net position of the County as of June 30, 2019, and June 30, 2018, are summarized and analyzed below:

Clark County, Nevada Net Position - Primary Government

	Governmental Activities		Business -type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Assets</b>						
Current and other assets	\$ 4,973,974,751	\$ 4,278,276,344	\$ 2,371,075,817	\$ 2,274,794,623	\$ 7,345,050,568	\$ 6,553,070,967
Net capital assets	6,575,162,099	6,390,283,332	6,449,339,403	6,582,851,872	13,024,501,502	12,973,135,204
Total assets	<u>11,549,136,850</u>	<u>10,668,559,676</u>	<u>8,820,415,220</u>	<u>8,857,646,495</u>	<u>20,369,552,070</u>	<u>19,526,206,171</u>
Deferred outflows	531,199,885	366,520,958	250,430,775	228,289,313	781,630,660	594,810,271
<b>Liabilities</b>						
Long-term liabilities	4,803,282,471	4,348,287,686	5,231,199,561	5,607,209,182	10,034,482,032	9,955,496,868
Other liabilities	629,283,336	653,981,142	513,079,033	516,842,703	1,142,362,369	1,170,823,845
Total liabilities	<u>5,432,565,807</u>	<u>5,002,268,828</u>	<u>5,744,278,594</u>	<u>6,124,051,885</u>	<u>11,176,844,401</u>	<u>11,126,320,713</u>
Deferred Inflows	504,470,258	260,679,109	306,001,602	141,370,345	810,471,860	402,049,454
<b>Net Position</b>						
Net investment in capital assets	5,923,695,036	5,746,137,281	2,393,978,275	2,360,701,467	8,317,673,311	8,106,838,748
Restricted	985,083,374	906,762,786	561,589,963	457,743,540	1,546,673,337	1,364,506,326
Unrestricted	(765,477,740)	(880,767,370)	64,997,561	2,068,571	(700,480,179)	(878,698,799)
Total net position	<u>\$ 6,143,300,670</u>	<u>\$ 5,772,132,697</u>	<u>\$ 3,020,565,799</u>	<u>\$ 2,820,513,578</u>	<u>\$ 9,163,866,469</u>	<u>\$ 8,592,646,275</u>

- As noted earlier, net position may serve over time as a useful indicator of the County’s financial position. Assets and deferred outflows exceeded liabilities and deferred inflows by \$9,163,866,469 as of June 30, 2019 and by \$8,592,646,275 as of June 30, 2018, a net increase of \$571,220,194 or 7%.
- 91% of the County’s net position reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, etc.); less any related debt outstanding used to acquire those assets (unspent proceeds from long-term debt issues). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate the debt.
- 17% of the County’s net position is restricted due to resources that are subject to external restrictions on how they may be used. Of restricted net position, 34% is for construction of capital assets, 32% is for repayment of long-term debt, 14% is for public safety, 6% is restricted for Airport Passenger Facility Charges, and the remaining balance is restricted for the County’s special revenue funds or other purposes.
- The remaining portion of the County’s net position is unrestricted, but is negative at (\$700,480,179) primarily due to the recognition of the long-term net pension liability and net OPEB liability.
- At June 30, 2019, the County had positive balances in all three categories of net position for business type activities, but unrestricted net position for the government as a whole, as well as for governmental activities is negative.

**Clark County, Nevada Changes in Net Position - Primary Government**

	Governmental Activities		Business -type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 495,392,555	\$ 450,885,512	\$ 1,591,342,146	\$ 1,515,722,135	\$ 2,086,734,701	\$ 1,966,607,647
Operating grants and contributions	473,607,601	415,133,744	-	-	473,607,601	415,133,744
Capital grants and contributions	236,358,257	129,027,166	94,823,853	70,480,034	331,182,110	199,507,200
General revenues						
Ad valorem taxes	695,809,644	653,736,333	-	-	695,809,644	653,736,333
Consolidated tax	624,903,839	582,444,785	-	-	624,903,839	582,444,785
Sales and use tax	408,081,158	380,470,034	20,802,775	19,623,239	428,883,933	400,093,273
Franchise fees	93,984,470	93,461,490	-	-	93,984,470	93,461,490
Fuel taxes	151,602,373	144,492,230	-	-	151,602,373	144,492,230
Motor vehicle privilege tax	71,998,248	67,255,798	-	-	71,998,248	67,255,798
Room tax	60,514,206	59,460,118	-	-	60,514,206	59,460,118
Other	44,455,839	62,361,734	-	-	44,455,839	62,361,734
Gain on sale or disposition of assets	2,281,963	3,841,676	938,924	1,054,707	3,220,887	4,896,383
Interest income (loss)	114,384,186	7,331,882	31,940,715	14,230,564	146,324,901	21,562,446
<b>Total revenues</b>	<b>3,473,374,339</b>	<b>3,049,902,502</b>	<b>1,739,848,413</b>	<b>1,621,110,679</b>	<b>5,213,222,752</b>	<b>4,671,013,181</b>
<b>Expenses</b>						
General government	313,247,407	301,208,753	-	-	313,247,407	301,208,753
Judicial	235,638,429	229,206,684	-	-	235,638,429	229,206,684
Public safety	1,490,035,814	1,393,176,958	-	-	1,490,035,814	1,393,176,958
Public works	642,811,504	604,077,714	-	-	642,811,504	604,077,714
Health	53,205,523	61,716,234	-	-	53,205,523	61,716,234
Welfare	176,755,937	164,305,861	-	-	176,755,937	164,305,861
Culture and recreation	47,982,241	44,564,185	-	-	47,982,241	44,564,185
Community support	25,617,221	27,124,465	-	-	25,617,221	27,124,465
Interest on long-term debt	71,292,221	68,011,300	-	-	71,292,221	68,011,300
Hospital	-	-	703,700,839	672,683,257	703,700,839	672,683,257
Airport	-	-	633,222,749	608,661,056	633,222,749	608,661,056
Sewer	-	-	195,142,856	203,967,829	195,142,856	203,967,829
Other	-	-	53,349,817	48,846,127	53,349,817	48,846,127
<b>Total expenses</b>	<b>3,056,586,297</b>	<b>2,893,392,154</b>	<b>1,585,416,261</b>	<b>1,534,158,269</b>	<b>4,642,002,558</b>	<b>4,427,550,423</b>
<b>Increase (decrease) in net position before transfers</b>	<b>416,788,042</b>	<b>156,540,348</b>	<b>154,432,152</b>	<b>86,952,410</b>	<b>571,220,194</b>	<b>243,462,758</b>
Transfers	(45,620,069)	(43,792,474)	45,620,069	43,792,474	-	-
<b>Increase (decrease) in net position</b>	<b>371,167,973</b>	<b>112,747,874</b>	<b>200,052,221</b>	<b>130,744,884</b>	<b>571,220,194</b>	<b>243,462,758</b>
<b>Net position - beginning, restated</b>	<b>5,772,132,697</b>	<b>5,659,414,823</b>	<b>2,820,513,578</b>	<b>2,689,768,694</b>	<b>8,592,646,275</b>	<b>8,349,183,517</b>
<b>Net position - ending</b>	<b>\$ 6,143,300,670</b>	<b>\$ 5,772,132,697</b>	<b>\$ 3,020,565,799</b>	<b>\$ 2,820,513,578</b>	<b>\$ 9,163,866,469</b>	<b>\$ 8,592,646,275</b>

- Program revenues included charges for services (fines and forfeitures, certain licenses and permits, special assessments), and both operating and capital grants and contributions. Program revenues from governmental activities increased by \$210,311,991, or 21 percent, due to an increase in capital grants and contributions for road, flood and other infrastructure projects and increases in operating grants and contributions for public safety. Program revenues from business-type activities increased by \$99,963,830, or 6 percent, primarily due to increases in hospital revenue driven by price increases, changing landscape of payor mix, major decline in self-pay from prior years, and favorable reimbursable rates changes to contracts and increases to airport charges for services and capital grants and contributions.
- General revenues consisted of taxes and interest not allocable to specific programs. For governmental activities, the largest of these revenues, ad valorem taxes, increased by \$42,073,311 or 6 percent. This increase reflects the recovery of assessed values during the fiscal year. Consolidated tax increased by \$42,459,054, or 7 percent, and sales and use tax increased in governmental activities by \$27,611,124, or 7 percent, both due to a continued increase in economic activity during fiscal year 2019. Fuel tax revenue increased \$7,110,143 or 5 percent primarily due to the increase in fuel index revenue in fiscal year 2019. Interest income increased by \$107,052,304 primarily due to an increase in unrealized gain on investments.

- County governmental activity expenses increased by 6% in fiscal year 2019. Significant changes from the prior year are as follows:
  - General government expenses increased by \$12,038,654 or 4 percent primarily due to increases in salaries for cost of living adjustments and merit increases and depreciation expense.
  - Public Safety expenses increased \$96,858,856 or 7 percent primarily due to increases in salaries and benefits for cost of living adjustments and merit increases and the hiring of additional police officers and staff.
  - Public works expenses increased \$38,733,790 or 6% primarily due to increased sales and use tax as well as an increase in fuel index revenue, resulting in increased contribution to other governments for their proportionate allocation.
  - Health expenses decreased \$8,510,711 or 14% primarily due to a decrease in IGT payments.
  - Welfare expenses increased \$12,450,076 or 8 percent primarily due to increases in Upper Payment Limit IGT and uncompensated care costs.

#### Financial Analysis of the County's Funds

- The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### ***Governmental Funds***

- The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements.
- As of the end of the current fiscal year, the County's governmental funds reported a combined ending fund balance of \$2,799,959,474, an increase of \$625,482,388, or 29 percent. Fund balance components have been classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed on the use of the resources of fund.
- Nonspendable fund balance is \$358,470 and consists of \$347,684 of prepaid items for Las Vegas Metropolitan Police Department, and \$10,786 of prepaid items for the Forensic Fund.
- Restricted fund balance is \$1,417,841,853 or 51% of the total. Spending of these resources is constrained by externally imposed (statutory, bond covenant, or grantors) limitations on their use. Restricted fund balances include \$832,439,834 for capital projects, \$214,400,747 for public safety activities and \$161,604,775 for debt service.
- Committed and assigned fund balances combined represent 41% of total fund balance with spending constrained either by the Board of County Commissioners (BCC) (for committed) or senior management (for assigned). Committed balances are primarily a result of direction from the BCC to commit funds for the payment of expenditures for specific programs or projects.
- Unassigned fund balance represents the General Fund remaining fund balance and is available to support general operations of the County.
- The General Fund is the main operating fund of the County. Restricted fund balance of \$110,348,995 includes restricted cash and unspent proceeds from legislatively mandated ad valorem taxes. Unrestricted fund balance, which includes committed, assigned, and unassigned balances, totaled \$440,666,364 at June 30, 2019. Unrestricted fund balance was 22% of expenditures and other financing uses and includes amounts committed and assigned of \$1,327,756 and \$201,485,264 respectively. Unassigned fund balance is \$237,853,344, or 12% of expenditures and other financing uses.
- Key factors in the change in fund balance in the General Fund as reported for budget purposes are as follows:
  - Revenues and transfers-in increased by \$86,913,188, or 6 percent.
 

General fund revenues increased by \$72,065,428, or 7 percent. Ad valorem tax revenues increased by \$19,127,592, or 6 percent due to increases in new construction and property assessed values. Intergovernmental revenue, the largest component of which is the consolidated tax, increased by \$30,554,267, or 8 percent, due to the increased economic activity in the local economy.

Transfers-in increased by \$14,847,760, or 5 percent, primarily due to increases in transfers from the various town funds for town services.
  - Expenditures and transfers out increased by \$104,968,175, or 8 percent.
 

General fund expenditures increased by \$37,298,014 or 5 percent primarily due to increases in Public Safety and Other General expenditures. Transfers out increased by \$67,670,161, or 11 percent.



o Other major fund activity is as follows:

- The Las Vegas Metropolitan Police Department operates from current year resources and it typically budgets for a lower fund balance than other governmental units. However, it ended the year with a total unrestricted fund balance of \$12,080,801. Total revenues and transfers in were \$613,822,714, which was an increase of \$37,993,824 or 7 percent, over the prior year. Expenditures and transfers out, which consist primarily of personnel costs, increased \$29,587,878 or 5 percent largely due to cost of living adjustments (COLA), merit increases, and increases in industrial and general liability insurance costs.
- The non-major governmental funds reported a fund balance of \$2,236,515,630 of which \$1,307,492,858 or 58% was restricted. All funds have the resources to meet their commitments.

***Enterprise Funds***

- The County's enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail. Minor differences arise between the enterprise funds and the business-type activities in the government-wide statements due to the effects of consolidation of internal service fund activities related to the enterprise funds. Total net position for these funds increased \$200,052,221 or 7% percent from the prior year. Unrestricted net position of the enterprise funds totaled \$69,254,842, an increase of \$66,932,689 primarily due to the increase of the Clark County Water Reclamation District's net position.

***Internal Service Funds***

- The County's internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. Other factors concerning the finances of the internal service funds have already been addressed in the discussion of the County's governmental activities.

Budgetary Highlights

- The General Fund's legal level of budgetary control is the function level. The final amended budget for expenditures and other financing uses was \$1,472,895,120, increased through augmentation by \$45,544,650 from the original budget. Actual expenditures and other financing uses were \$1,445,021,036, or 2 percent less than the final budget, primarily due to staff vacancy savings.
- Revenues and other transfers from other financing sources of the general fund exceeded the final budget by \$67,244,795, or 5 percent due to an increase in consolidated tax revenue, business licenses, and charges for services.

Capital Assets and Debt Administration

Primary Government

• Capital Assets

- o The County's investment in capital assets, net of accumulated depreciation at June 30, 2019, was \$13,024,501,502, an increase of \$51,366,298, or .05 percent. Detail by type of activity and asset is summarized in the table below.

Major additions for this fiscal year are as follows:

<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
Roadways and streets	\$ 257 million	Airport improvements and additions	\$ 61 million
Flood control projects	\$ 59 million	Sewer system additions	\$ 63 million
		Hospital capital additions	\$ 33 million

Clark County, Nevada Capital Assets - Primary Government  
(Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land and improvements	\$ 1,563,802,495	\$ 1,579,489,724	\$ 2,708,954,524	\$ 2,733,179,719	\$ 4,272,757,019	\$ 4,312,669,443
Buildings	1,290,314,922	1,283,450,285	3,177,296,264	3,278,840,652	4,467,611,186	4,562,290,937
Machinery and equipment	110,133,684	115,448,326	429,242,846	433,937,274	539,376,530	549,385,600
Infrastructure	3,278,602,602	3,163,973,716	-	-	3,278,602,602	3,163,973,716
Construction in progress	332,308,396	247,921,281	133,845,769	136,894,227	466,154,165	384,815,508
Total	\$ 6,575,162,099	\$ 6,390,283,332	\$ 6,449,339,403	\$ 6,582,851,872	\$ 13,024,501,502	\$ 12,973,135,204

- o For additional information on the County's capital assets see note 4 in the accompanying financial statements.

Long-Term Debt

Primary Government

- At June 30, 2019, the County had total outstanding bonds, loans, and capital leases of \$6,428,015,745, an increase of \$246,156,012, or 4 percent, from the prior year. Of this amount, \$1,733,756,093 comprised general obligation debt backed by the full faith and credit of the County, \$583,373,695 of general obligation bonds additionally secured by specified revenue sources, \$3,737,914,788 of revenue bonds secured by pledges of various revenue sources, \$134,195,213 in special assessment debt for which the County is liable in the event of default by the property owners subject to assessment, \$ 235,913,750 in notes payable, and \$2,862,206 in capital leases.

Clark County, Nevada Outstanding Debt - Primary Government

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General obligation bonds	\$ 1,733,756,093	\$ 1,353,253,855	\$ -	\$ -	\$ 1,733,756,093	\$ 1,353,253,855
Revenue backed general obligation bonds	-	-	583,373,695	606,436,472	583,373,695	606,436,472
Revenue bonds	10,000	10,000	3,737,904,788	3,886,651,351	3,737,914,788	3,886,661,351
Special assessment bonds	134,195,213	149,567,590	-	-	134,195,213	149,567,590
Notes payable	235,913,750	-	-	-	235,913,750	-
Capital leases	2,862,206	185,940,465	-	-	2,862,206	185,940,465
Total	\$ 2,106,737,262	\$ 1,688,771,910	\$ 4,321,278,483	\$ 4,493,087,823	\$ 6,428,015,745	\$ 6,181,859,733

- o For additional information on the County's debt, see note 6 in the accompanying financial statements.

#### Economic Factors

- UMC continues to deal with the impact of uninsured patients. UMC's operating loss was \$21,082,790 for the fiscal year 2018 compared to an operating loss of \$10,975,129 in fiscal year 2019. The decrease in operating loss is due primarily to increases in hospital revenue driven by price increases, changing landscape of payor mix, major decline in self-pay from prior years, and favorable reimbursable rates changes to contracts
- The County has positioned itself to meet the needs of its citizens. The taxable values have begun to increase and the remaining tax base will generate adequate revenues to provide basic services. A cost containment program continues to be in place, enforcing a reasonable pace of salary growth and position savings. The County's general fund unassigned ending fund balance remains healthy. Together, these factors have placed the County in an acceptable financial position to mitigate the current economic uncertainty. However, continued economic uncertainty could ultimately result in a deterioration of the County's financial condition.

#### Requests for Information

- This report is designed to provide a general overview of the County's finances for all interested parties. Questions concerning the information provided in this report or requests for additional financial information should be addressed to Anna Danchik, Comptroller, at 500 South Grand Central Parkway, Las Vegas, NV 89155.