

Clark County, Nevada

Management's Discussion and Analysis
June 30, 2011

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 auditor's report offers an unqualified opinion that the County's financial statements are presented fairly in all material respects.
- Government-wide net assets totaled \$11,846,073,202. Net assets of governmental activities totaled \$7,512,435,065 and those of business-type activities totaled \$4,333,638,137.
- The County's total net assets increased by \$53,189,683, resulting from an increase in net assets from governmental activities of \$67,457,820 and a decrease in net assets from business-type activities of \$14,268,137. Net assets from governmental activities increased mainly due to continued cost containment efforts and a 5% increase in both consolidated and sales taxes. Net assets from business-type activities decreased due to operating losses of University Medical Center and the Las Vegas Valley Water District, as well as a one-time loss by the Water Reclamation District of funds invested in the Clean Water Coalition.
- Unrestricted net assets were \$2,182,059,763, with \$1,353,189,536 resulting from governmental activities and \$828,870,227 from business-type activities. Unrestricted net assets from governmental activities increased by 21 percent from the prior year, and unrestricted net assets from business-type activities increased by 14 percent over the prior year.
- Net capital assets were \$14,562,144,685 of which \$5,972,206,597 were from governmental activities and \$8,589,938,088 were from business-type activities. Major additions for governmental activities during the year included \$182 million toward beltways, roadways, and streets, and \$89 million toward flood control projects. Major additions for business-type activities during the year included \$30 million in water system additions, \$113 million for terminal 3 and other additions for the Department of Aviation, and \$333 million in sewer system additions. Depreciation expense attributable to assets of governmental activities amounted to \$233,415,343 for the year, and \$302,871,157 for business-type activities.
- Bonds and loans payable totaled \$9,725,978,319. There were no new debt issues for governmental activities during the fiscal year. The following new debt was issued for business-type activities during the fiscal year:
 - General obligation bonds:
 - \$1,643,669 in bonds for the Clark County Water Reclamation District
 - \$58,110,000 in bonds for the Las Vegas Valley Water District
 - Revenue bonds
 - \$100,000,000 in bonds for the Department of Aviation
- The County's primary revenue sources for governmental activities were ad valorem taxes (\$601,438,779) consolidated taxes (\$403,987,801), and sales and use taxes (\$218,240,722). These three revenue sources comprised 23 percent, 16 percent, and 8 percent, respectively, or 47 percent of total governmental activities revenues.

- The County's total expenses were \$4,209,325,586. Governmental activities comprised \$2,534,043,816 of total expenses, the largest functional expenses being public safety (\$1,160,142,925) and public works (\$418,406,823). Business-type activities contributed \$1,675,281,770 to total expenses, the largest components being hospital (\$569,477,328), airport (\$517,023,190), and water (\$383,354,972).
- General government expenses were \$187,548,288, or 19 percent less than the prior year due to cost containment, the inactivation of the Clark County Redevelopment Agency and the transfer of information technology costs to an internal service fund.
- Welfare expenses were \$156,825,380 or 15 percent less than the prior year due to a decrease in available property taxes.
- At the end of the fiscal year, the unassigned fund balance for the General Fund was \$159,723,367 or 10 percent 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

- o 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.
- o The statement of net assets 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 assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.
- o The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets 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).
- o 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, other, and interest on long-term debt. The business-type activities of the County include operations of its hospital, airports, water and sewer utilities, and other operations. Discretely presented component units account for functions of legally separate entities for whom the County is financially accountable, but whose governing bodies are not substantially the same as the County. The activities of the discretely presented component units include regional transportation and flood control planning. 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.
- o The government-wide financial statements include not only the business-type activities of the County itself (known as the primary government), but also those of the legally separate component units: UMC, Las Vegas Valley Water District, 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

- o 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 statements accompanying 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, water, 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
 - + Other post-employment benefits
- Proprietary funds provide the same type of information as the government-wide financial statements, but with more detail. The proprietary fund financial statements provide separate information for UMC, Clark County Water Reclamation District, and the Las Vegas Valley Water 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 internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the 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 fund, and 41 agency funds. The employee benefit funds are the Medical Insurance Premium Retirement Plan and the County Section 125 Plan. The pension fund is the Las Vegas Valley Water District Pension Plan. 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 as well as a schedule of funding progress for other post-employment benefits. 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 schedules are presented immediately following the required supplementary information.
- Unaudited statistical information is provided on a ten-year basis for trend and historical analysis, except where data is not available due to the initial year of GASB Statement No. 34 presentation.

Government-Wide Financial Analysis

- Net assets of the County as of June 30, 2011, and June 30, 2010, are summarized and analyzed below:

Clark County, Nevada Net Assets – Primary Government

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Current and other assets	\$5,082,156,982	\$ 4,796,635,499	\$ 3,984,196,552	\$ 4,458,083,840	\$ 9,066,353,534	\$ 9,254,719,339
Net capital assets	<u>5,972,206,597</u>	<u>5,853,032,202</u>	<u>8,589,938,088</u>	<u>8,165,813,126</u>	<u>14,562,144,685</u>	<u>14,018,845,328</u>
Total assets	<u>11,054,363,579</u>	<u>10,649,667,701</u>	<u>12,574,134,640</u>	<u>12,623,896,966</u>	<u>23,628,498,219</u>	<u>23,273,564,667</u>
Deferred outflows	-	-	93,684,759	147,533,756	93,684,759	147,533,756
Liabilities						
Long-term liabilities	2,544,557,078	2,547,855,200	7,049,903,234	7,319,397,117	9,594,460,312	9,867,252,317
Other liabilities	<u>997,371,436</u>	<u>656,835,256</u>	<u>1,283,800,399</u>	<u>1,104,127,331</u>	<u>2,281,171,835</u>	<u>1,760,962,587</u>
Total liabilities	<u>3,541,928,514</u>	<u>3,204,690,456</u>	<u>8,333,703,633</u>	<u>8,423,524,448</u>	<u>11,875,632,147</u>	<u>11,628,214,904</u>
Deferred inflows	-	-	477,629	-	477,629	-
Net assets						
Invested in capital assets, net of related debt	5,161,926,856	4,995,921,396	3,108,143,202	3,220,806,971	8,270,070,058	8,216,728,367
Restricted	997,318,673	1,326,516,499	396,624,708	398,799,707	1,393,943,381	1,725,316,206
Unrestricted	<u>1,353,189,536</u>	<u>1,122,539,350</u>	<u>828,870,227</u>	<u>728,299,596</u>	<u>2,182,059,763</u>	<u>1,850,838,946</u>
Total net assets	<u>\$7,512,435,065</u>	<u>\$ 7,444,977,245</u>	<u>\$ 4,333,638,137</u>	<u>\$ 4,347,906,274</u>	<u>\$11,846,073,202</u>	<u>\$11,792,883,519</u>

- As noted earlier, net assets may serve over time as a useful indicator of the County's financial position. Assets exceeded liabilities by \$11,846,073,202 as of June 30, 2011, and by \$11,792,883,519 as of June 30, 2010, a net increase of \$53,189,683, or one (1) percent.
- The largest portion of the County's net assets (70 percent) 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.
- The County's restricted net assets (12 percent) represent resources that are subject to external restrictions on how they may be used. Of these restricted net assets, 43 percent is for construction of capital assets, 26 percent is for repayment of long-term debt, 14 percent is for police protection, and the balance is restricted for the County's special revenue funds or other purposes.
- The remaining portion of the County's net assets (18 percent) is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors.
- At June 30, 2011, the County had positive balances in all three categories of net assets, both for the government as a whole, as well as for separate governmental and business-type activities

Clark County, Nevada Changes in Net Assets – Primary Government

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$353,233,862	\$ 367,818,754	\$1,445,400,401	\$1,429,880,969	\$1,798,634,263	\$1,797,699,723
Operating grants and contributions	532,327,951	532,784,892	65,000,000	65,400,000	597,327,951	598,184,892
Capital grants and contributions	176,377,216	256,791,998	64,861,568	60,209,144	241,238,784	317,001,142
General revenues:						
Ad valorem taxes	601,438,779	773,956,199	12,713	16,738	601,451,492	773,972,937
Consolidated tax	403,987,801	383,366,531	48,509	50,042	404,036,310	383,416,573
Sales and use tax	218,240,722	208,946,026	13,408,757	12,472,583	231,649,479	221,418,609
Franchise fees	104,584,978	96,089,107	-	-	104,584,978	96,089,107
Fuel taxes	70,291,059	71,381,785	-	-	70,291,059	71,381,785
Motor vehicle privilege tax	46,673,088	47,373,522	-	-	46,673,088	47,373,522
Room tax	36,918,685	32,338,354	-	-	36,918,685	32,338,354
Other	32,660,591	29,054,214	-	-	32,660,591	29,054,214
Gain on sale or disposition of assets	2,949,516	1,747,497	657,218	709,052	3,606,734	2,456,549
Interest income	34,319,177	75,901,563	59,122,678	41,167,124	93,441,855	117,068,687
Total revenues	2,614,003,425	2,877,550,442	1,648,511,844	1,609,905,652	4,262,515,269	4,487,456,094
Expenses:						
General government	187,548,288	230,702,394	-	-	187,548,288	230,702,394
Judicial	211,063,243	201,902,371	-	-	211,063,243	201,902,371
Public safety	1,160,142,925	1,212,609,296	-	-	1,160,142,925	1,212,609,296
Public works	418,406,823	436,880,168	-	-	418,406,823	436,880,168
Health	111,895,396	101,240,331	-	-	111,895,396	101,240,331
Welfare	156,825,380	184,093,105	-	-	156,825,380	184,093,105
Culture and recreation	28,788,472	35,200,111	-	-	28,788,472	35,200,111
Community support	39,629,471	44,195,982	-	-	39,629,471	44,195,982
Other	111,567,373	111,022,098	-	-	111,567,373	111,022,098
Interest on long-term debt	108,176,445	111,231,936	-	-	108,176,445	111,231,936
Hospital	-	-	569,477,328	581,325,269	569,477,328	581,325,269
Water	-	-	383,354,972	371,696,883	383,354,972	371,696,883
Airport	-	-	517,023,190	528,022,591	517,023,190	528,022,591
Sewer	-	-	153,062,108	116,989,734	153,062,108	116,989,734
Other	-	-	52,364,172	60,566,115	52,364,172	60,566,115
Total expenses	2,534,043,816	2,669,077,792	1,675,281,770	1,658,600,592	4,209,325,586	4,327,678,384
Increase in net assets before transfers	79,959,609	208,472,650	(26,769,926)	(48,694,940)	53,189,683	159,777,710
Transfers	(12,501,789)	(13,664,476)	12,501,789	13,664,476	-	-
Increase (decrease) in net assets	67,457,820	194,808,174	(14,268,137)	(35,030,464)	53,189,683	159,777,710
Net assets – beginning	7,444,977,245	7,250,169,071	4,347,906,274	4,400,667,720	11,792,883,519	11,650,836,791
Restatement of beginning fund balances	-	-	-	(17,730,982)	-	(17,730,982)
Net assets restated	7,444,977,245	7,250,169,071	4,347,906,274	4,382,936,738	11,792,883,519	11,633,105,809
Net assets – ending	\$7,512,435,065	\$7,444,977,245	\$4,333,638,137	\$4,347,906,274	\$11,846,073,202	\$11,792,883,519

- 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 decreased by \$95,456,615, or eight (8) percent, due to decreases in donated infrastructure, partially offset by increases in federal grant activity. Program revenues from business-type activities increased by \$19,771,856, or one (1) percent, with slight increases in all categories
- General revenues consisted of taxes and interest not allocable to specific programs. For governmental activities, the largest of these revenues, ad valorem taxes, decreased by \$172,517,420, or 22 percent. This decrease was due mainly to decreases in commercial assessed valuation. Consolidated tax increased by \$20,621,270, or five (5) percent, and sales

and use tax increased in governmental activities by \$9,294,696, or four (4) percent, both due to increased economic activity in the local economy during fiscal year 2011. Franchise fees increased by \$8,495,871 or nine (9) percent, due to non-recurring audit assessments. Interest revenue for governmental activities decreased by \$41,582,386 or 55 percent; interest revenue for business-type activities decreased by \$17,955,554, or 44 percent. These decreases were due to lower rates of investment returns.

- County governmental activity expenses decreased five (5) percent in fiscal year 2011. Decreases in general government of \$ 43,154,106 or 19 percent were due to cost containment efforts, the deactivation of the Clark County Redevelopment Agency and the transfer of information technology costs to an internal service fund. Public Safety expenses decreased by \$52,466,371, or four (4) percent due to cost containment and decreased capital outlay. Public works expenses decreased by 18,473,345, or four (4) percent due to decreased road construction and financing. Welfare support expenses decreased by \$27,267,725, or 15 percent, due reductions in property taxes available to fund this function. Sewer functional area expenses increased \$36,072,374, or 31 percent, due to a one-time loss of funds invested in the Clean Water Coalition.

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 \$2,223,045,950, a decrease of \$104,759,736, or five (5) percent, from the prior year primarily due to reduced fund balances in capital projects funds. As mentioned previously, the County implemented GASB Statement 54, *Fund Balance Reporting and Government Fund Type Definitions*, which changed the classification of fund balances and clarified the definitions of governmental fund types. 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. Restricted fund balance is \$936,141,551 or 42% 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 \$376,965,225 for capital projects and \$196,088,919 for public safety activities and \$178,312,212 for debt service.

Committed and assigned fund balances combined represent 49% of total fund balance with spending constrained either by the Board of County Commissioners (BCC) (for committed) or senior management (for assigned). Committed balances in the special revenue funds are primarily due to transfers or revenues directed by the BCC to those funds to support the programs. Unassigned fund balance represents the General Fund remaining fund balance and is available to support general operations of the fund.

- The General Fund is the main operating fund of the County. Fund balance categories have changed from the prior year as a result of the implementation of GASB Statement 54. Nonspendable fund balance consists of long-term receivables. Restricted fund balance of \$69,691,630 includes restricted cash and unspent proceeds from legislatively mandated ad valorem taxes. Unrestricted fund balance, which includes committed, assigned, and unassigned balances, totaled 266,253,115 at June 30, 2011. Unrestricted fund balance was 17% of expenditures and other financing uses and includes amounts assigned of \$106,529,748. Unassigned fund balance is 159,723,367, or 10% 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 decreased by \$44,094,014, or three (3) percent. General fund revenues decreased by \$73,544,519, or eight (8) percent. Ad valorem tax revenues generated the largest revenue decrease of \$69,067,918, or 20 percent, due to commercial valuation decreases. Licenses and permits increased by \$8,621,834 or four (4) percent due to non-recurring franchise fee audit assessments. Intergovernmental revenue, the largest component of which is the consolidated tax, increased by \$13,418,899, or five (5) percent, due to the increased

economic activity in the local economy. Charges for services increased by \$5,125,886 or seven (7) percent, largely due to first-time overhead charges to the IT function, which was included in the general fund in prior years. Interest income decreased by \$4,006,506, or 83 percent, due to lower interest rates. Other revenues decreased due to a \$25 million land sale last year.

- Expenditures and transfers out decreased by \$101,982,929, or eight (8) percent. General fund expenditures decreased \$22,974,168, or three (3) percent primarily due to continued cost containment procedures and a partial transfer of the information technology function to an internal service fund. Transfers out decreased by \$79,008,761, or 16 percent primarily due to reductions in transfers to capital project funds and to the Las Vegas Metropolitan Police Department.

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 \$78,550,254. Total revenues and transfers in were \$510,524,091, which was a decrease of \$55,191,434 or 10 percent, over the prior year. This decrease occurred primarily due to a reduction of property taxes. Expenditures, which are primarily personnel costs, decreased \$22,965,565 or four (4) percent.
- The non-major governmental funds showed a fund balance of \$1,784,508,183, of which \$866,449,921 or 49% 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. Unrestricted net assets of the enterprise funds totaled \$841,541,658, an increase of \$104,145,324, or 14 percent. Total net assets for these funds decreased \$14,268,137, one (1) percent from the prior year. Other factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

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 expenditure appropriation was \$824,511,814, unchanged from the original budget. Actual expenditures were \$787,459,207, or four (4) percent less than the final budget, primarily due to the County's cost containment efforts.
- Revenues of the general fund exceeded the final budget by \$31,722,569, or four (4) percent due to an increase in consolidated and sales taxes, as well as non-recurring franchise fee audit assessments.

Capital Assets and Debt Administration

Primary Government

- Capital Assets

- o The County's investment in capital assets, net of accumulated depreciation at June 30, 2011, was \$14,562,144,685, an increase of \$543,299,357, or four (4) percent. Detail by type of activity and asset is summarized in the table below.

Major additions for this fiscal year are as follows:

Governmental Activities

Business-Type Activities

Roadways and streets (beltway)	\$182 million	Water system additions	\$ 30 million
Flood control projects	\$89 million	Airport land acquisition and construction	\$ 113 million
Parks and Recreation facilities	\$29 million	Sewer system additions	\$ 333 million
Traffic signals and street lights	\$27 million		
Fire Department	\$18 million		

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land and improvements	\$1,590,012,024	\$1,564,248,453	\$ 3,096,450,672	\$3,083,563,595	\$4,686,462,696	\$4,647,812,048
Buildings	868,261,365	846,089,522	2,612,582,538	2,545,433,689	3,480,843,903	3,391,523,211
Machinery and equipment	70,925,385	88,440,270	652,803,662	574,355,273	723,729,047	662,795,543
Infrastructure	3,221,604,929	3,096,378,527	-	-	3,221,604,929	3,096,378,527
Construction in progress	<u>221,402,894</u>	<u>257,875,430</u>	<u>2,228,101,216</u>	<u>1,962,460,569</u>	<u>2,449,504,110</u>	<u>2,220,335,999</u>
Total	<u>\$5,972,206,597</u>	<u>\$5,853,032,202</u>	<u>\$8,589,938,088</u>	<u>\$8,165,813,126</u>	<u>\$14,562,144,685</u>	<u>\$14,018,845,328</u>

- 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, 2011, the County had total outstanding bonds and loans of \$9,725,978,319, a decrease of \$191,965,246, or two (2) percent, from the prior year. Of this amount, \$1,989,622,313 comprised general obligation debt backed by the full faith and credit of the County, \$2,455,411,300 of general obligation bonds additionally secured by specified revenue sources, \$400,181,690 of loans, primarily in the form of commercial paper, and \$246,062,739 in special assessment debt for which the County is liable in the event of default by the property owners subject to assessment.

Clark County, Nevada Outstanding Debt

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General obligation bonds	\$1,989,622,313	\$2,055,166,107	\$ -	\$ 13,692	\$1,989,622,313	\$2,055,179,799
Revenue backed general obligation bonds	-	-	2,455,411,300	2,473,627,359	2,455,411,300	2,473,627,359
Revenue bonds	10,000	10,000	4,634,690,277	4,724,153,300	4,634,700,277	4,724,163,300
Special assessment bonds	246,062,739	263,354,244	-	-	246,062,739	263,354,244
Loans	<u>181,690</u>	<u>408,796</u>	<u>400,000,000</u>	<u>401,210,067</u>	<u>400,181,680</u>	<u>401,618,863</u>
Total	<u>\$2,235,876,742</u>	<u>\$2,318,939,147</u>	<u>\$7,490,101,577</u>	<u>\$7,599,004,418</u>	<u>\$9,725,978,319</u>	<u>\$9,917,943,565</u>

- 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 \$94,512,750 for the fiscal year 2011 compared to \$85,011,779 in fiscal year 2010. Continued high levels of care for uninsured and underinsured patients, and a decrease in State Medicaid funding contributed to the increased operating loss. The County will need to continue to fund these continued losses.
- Despite UMC's financial difficulties, the County has positioned itself to meet the needs of its citizens. The decrease in taxable values has leveled out 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, the length of the economic downturn could ultimately result in a continued 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 Jessica L. Colvin, Comptroller, at 500 South Grand Central Parkway, Las Vegas, NV 89155.