

Clark County, Nevada

Management's Discussion and Analysis

June 30, 2012

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 position totaled \$11,679,044,477. Net position of governmental activities totaled \$7,465,020,346 and those of business-type activities totaled \$4,214,024,131.
- The County's total net position decreased by \$167,028,725, resulting from a decrease in net position from governmental activities of \$47,414,719 and a decrease in net position from business-type activities of \$119,614,006. Net position from governmental activities decreased mainly due to an increase in other post-employment benefits liability. Net position from business-type activities decreased due to unrealized losses of the Department of Aviation on derivative investments and dispositions of capital assets.
- Unrestricted net position was \$2,058,250,046, with \$1,267,135,049 resulting from governmental activities and \$791,114,997 from business-type activities. Unrestricted net position from governmental activities decreased by 8 percent from the prior year, and unrestricted net position from business-type activities decreased by 5 percent over the prior year.
- Net capital assets were \$15,127,074,175 of which \$6,415,586,617 were from governmental activities and \$8,711,487,558 were from business-type activities. Major additions for governmental activities during the year included \$141 million toward beltways, roadways, and streets, and \$69 million toward flood control projects and \$69 million towards Parks and Recreation Facilities. Major additions for business-type activities during the year included \$28 million in water system additions, \$265 million for terminal 3 and other additions for the Department of Aviation, and \$64 million in sewer system additions. Depreciation expense attributable to assets of governmental activities amounted to \$257,878,397 for the year, and \$305,864,026 for business-type activities.
- Bonds and loans payable totaled \$10,000,712,571. The following new debt was issued during the fiscal year:

Governmental activities:

General obligation bonds:

\$85,015,000 in Southern Nevada Water Authority refunding bond bank bonds

Business-type activities:

General obligation bonds:

\$496,145,000 in bonds for the Las Vegas Valley Water District

Revenue bonds

\$200,000,000 in bonds for the Department of Aviation

- The County's primary revenue sources for governmental activities were ad valorem taxes (\$596,242,477) consolidated taxes (\$421,641,628), and sales and use taxes (\$231,643,158). These three revenue sources comprised 23 percent, 17 percent, and 9 percent, respectively, or 49 percent of total governmental activities revenues.
- The County's total expenses were \$4,256,296,523. Governmental activities comprised \$2,563,024,700 of total expenses, the largest functional expenses being public safety (\$1,148,289,674) and public works (\$476,903,001). Business-type activities contributed \$1,693,271,823 to total expenses, the largest components being hospital (\$578,145,268), airport (\$552,924,971), and water (\$382,888,651).
- General government expenses were \$168,284,261, or 10 percent less than the prior year due to continued cost containment.
- Welfare expenses were \$149,211,271 or 5 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 \$166,968,111 or 11 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

- 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, 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.
- 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: University Medical Center (UMC),

Las Vegas Valley Water District, Big Bend 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 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, except where data is not available due to the initial year of GASB Statement No. 34 presentation.

## Government-Wide Financial Analysis

- Net position of the County as of June 30, 2012, and June 30, 2011, are summarized and analyzed below:

### Clark County, Nevada Net Position – Primary Government

	<u>Government Activities</u>		<u>Business –type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Assets</b>						
Current and other assets	\$5,165,470,664	\$5,082,156,982	\$3,875,178,073	\$ 3,984,196,552	\$9,040,648,737	\$9,066,353,534
Net capital assets	<u>6,415,586,617</u>	<u>5,972,206,597</u>	<u>8,711,487,558</u>	<u>8,589,938,088</u>	<u>15,127,074,175</u>	<u>14,562,144,685</u>
Total assets	\$11,581,057,281	\$11,054,363,579	\$12,586,665,631	\$12,574,134,640	\$24,167,722,912	\$23,628,498,219
Deferred outflows	-	-	183,325,477	93,684,759	183,325,477	93,684,759
<b>Liabilities</b>						
Long-term Liabilities	2,886,815,903	2,544,557,078	7,382,754,374	7,049,903,234	10,269,570,277	9,594,460,312
Other Liabilities	<u>1,229,221,032</u>	<u>997,371,436</u>	<u>1,173,212,603</u>	<u>1,283,800,399</u>	<u>2,402,433,635</u>	<u>2,281,171,835</u>
Total liabilities	4,116,036,935	3,541,928,514	8,555,966,977	8,333,703,633	12,672,003,912	11,875,632,147
Deferred Inflows	-	-	-	477,629	-	477,629
<b>Net position</b>						
Net investment in capital assets	5,327,763,179	5,161,926,856	3,117,337,900	3,108,143,202	8,445,101,079	8,270,070,058
Restricted	870,122,118	997,318,673	305,571,234	396,624,708	1,175,693,352	1,393,943,381
Unrestricted	<u>1,267,135,049</u>	<u>1,353,189,536</u>	<u>791,114,997</u>	<u>828,870,227</u>	<u>2,058,250,046</u>	<u>2,182,059,763</u>
Total net position	<u>\$ 7,465,020,346</u>	<u>\$ 7,512,435,065</u>	<u>\$ 4,214,024,131</u>	<u>\$ 4,333,638,137</u>	<u>\$11,679,044,477</u>	<u>\$11,846,073,202</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 \$11,679,044,477 as of June 30, 2012, and by \$11,846,073,202 as of June 30, 2011, a net decrease of \$167,028,725, or one (1) percent.
- The largest portion of the County's net position (72 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 position (10 percent) represents resources that are subject to external restrictions on how they may be used. Of restricted net position, 30 percent is for construction of capital assets, 33 percent is for repayment of long-term debt, 16 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 position (18 percent) is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors.
- At June 30, 2012, the County had positive balances in all three categories of net position, both for the government as a whole, as well as for separate governmental and business-type activities

Clark County, Nevada Changes in Net Position – Primary Government

	<u>Government Activities</u>		<u>Business –type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Revenues</b>						
Program revenues						
Charges for services	\$351,204,629	\$353,233,862	\$1,504,170,864	\$1,445,400,401	\$1,855,375,493	\$1,798,634,263
Operating grants and contributions	489,127,418	532,327,951	31,137,054	65,000,000	520,264,472	597,327,951
Capital grants and contributions	135,744,804	176,377,216	74,408,261	64,861,568	210,153,065	241,238,784
General revenues						
Ad valorem taxes	596,242,477	601,438,779	266	12,713	596,242,743	601,451,492
Consolidated tax	421,641,628	403,987,801	10,346	48,509	421,651,974	404,036,310
Sales and use tax	231,643,158	218,240,722	14,365,220	13,408,757	246,008,378	231,649,479
Franchise fees	90,438,234	104,584,978	-	-	90,438,234	104,584,978
Fuel taxes	69,849,947	70,291,059	-	-	69,849,947	70,291,059
Motor vehicle privilege tax	45,920,073	46,673,088	-	-	45,920,073	46,673,088
Room tax	41,757,441	36,918,685	-	-	41,757,441	36,918,685
Other	29,968,189	32,660,591	-	-	29,968,189	32,660,591
Gain on sale or disposition of assets	1,107,019	2,949,516	63,228	657,218	1,170,247	3,606,734
Interest income (loss)	20,390,204	34,319,177	(51,488,094)	59,122,678	(31,097,890)	93,441,855
<b>Total revenues</b>	<b>2,525,035,221</b>	<b>2,614,003,425</b>	<b>1,572,667,145</b>	<b>\$1,648,511,844</b>	<b>4,097,702,366</b>	<b>\$4,262,515,269</b>
<b>Expenses</b>						
General government	168,284,261	187,548,288	-	-	168,284,261	187,548,288
Judicial	206,462,746	211,063,243	-	-	206,462,746	211,063,243
Public Safety	1,148,289,674	1,160,142,925	-	-	1,148,289,674	1,160,142,925
Public Works	476,903,001	418,406,823	-	-	476,903,001	418,406,823
Health	132,909,411	111,895,396	-	-	132,909,411	111,895,396
Welfare	149,211,271	156,825,380	-	-	149,211,271	156,825,380
Culture and recreation	30,542,396	28,788,472	-	-	30,542,396	28,788,472
Community support	24,608,108	39,629,471	-	-	24,608,108	39,629,471
Other	114,808,098	111,567,373	-	-	114,808,098	111,567,373
Interest on long-term debt	111,005,734	108,176,445	-	-	111,005,734	108,176,445
Hospital	-	-	578,145,268	569,477,328	578,145,268	569,477,328
Water	-	-	382,888,651	383,354,972	382,888,651	383,354,972
Airport	-	-	552,924,971	517,023,190	552,924,971	517,023,190
Sewer	-	-	135,662,685	153,062,108	135,662,685	153,062,108
Other	-	-	43,650,248	52,364,172	43,650,248	52,364,172
<b>Total expenses</b>	<b>2,563,024,700</b>	<b>2,534,043,816</b>	<b>1,693,271,823</b>	<b>1,675,281,770</b>	<b>4,256,296,523</b>	<b>4,209,325,586</b>
Increase (decrease) in net position before transfers	(37,989,479)	79,959,609	(120,604,678)	(26,769,926)	(158,594,157)	53,189,683
Transfers	(9,425,240)	(12,501,789)	9,425,240	12,501,789	-	-
Increase (decrease) in net position	(47,414,719)	67,457,820	(111,179,438)	(14,268,137)	(158,594,157)	53,189,683
Net position - beginning	7,512,435,065	7,444,977,245	4,333,638,137	4,347,906,274	11,846,073,202	11,792,883,519
Prior period adjustment	-	-	(8,434,568)	-	(8,434,568)	-
Net position – beginning, restated	7,512,435,065	7,444,977,245	4,325,203,569	4,347,906,274	11,837,638,634	11,792,883,519
Net position - ending	\$7,465,020,346	\$7,512,435,065	\$4,214,024,131	\$4,333,638,137	\$11,679,044,477	\$11,846,073,202

- 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 \$85,862,178, or eight (8) percent, due to decreases in donated infrastructure and decreases in federal grant activity. Program revenues from business-type activities increased by \$34,454,210, or two (2) percent, primarily due to increases in hospital revenue.

- 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 \$5,196,302 or one (1) percent. This relatively small decrease reflects the stabilization of assessed values during the fiscal year. Consolidated tax increased by \$17,653,827, or four (4) percent, and sales and use tax increased in governmental activities by \$13,402,436, or six (6) percent, both due to a continued increase in economic activity during fiscal year 2012. Franchise fees decreased by \$14,146,744 or fourteen (14) percent, due to non-recurring audit assessments in FY11. Interest revenue for governmental activities decreased by \$13,928,973 or 41 percent; interest revenue for business-type activities decreased by \$110,610,772, or 187 percent. These decreases were due to lower rates of investment returns and an unrealized loss of \$109 million on Department of Aviation derivative investments.
- County governmental activity expenses increased one (1) percent in fiscal year 2012. Decreases in general government of \$19,264,027 or 10 percent were due to a reduction in grants and election expenses. Public works expenses increased by \$58,496,178, or 14 percent due to increased road construction and financing. Health expenses increased \$21,014,015 or 19 percent due to retroactive payments to the State reimbursing Medicaid and training costs. Welfare support expenses decreased by \$7,614,109, or five (5) percent, due to reductions in property taxes available to fund this function. Community support decreased by \$15,021,363 or 38% due to decreased grant activity. Sewer functional area expenses decreased \$17,399,423, or 11 percent, due to a one-time loss of funds invested in the Clean Water Coalition in the prior year.

### Financial Analysis of the County's Funds

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

#### Governmental Funds

- o 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.
- o As of the end of the current fiscal year, the County's governmental funds reported a combined ending fund balance of \$2,068,452,799, a decrease of \$154,593,151, or seven (7) percent, from the prior year primarily due to reduced fund balances in capital projects funds. 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 \$869,350,682 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 \$324,077,683 for capital projects and \$183,843,577 for public safety activities and \$178,159,025 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.

- o The General Fund is the main operating fund of the County. Nonspendable fund balance consists of long-term receivables. Restricted fund balance of \$57,031,783 includes restricted cash and unspent proceeds from legislatively mandated ad valorem taxes. Unrestricted fund balance, which includes committed, assigned, and unassigned balances, totaled \$251,798,148 at June 30, 2012. Unrestricted fund balance was 17% of expenditures and other financing uses and includes amounts assigned of \$ 84,830,037. Unassigned fund balance is 166,968,111, or 11% of expenditures and other financing uses.
- o 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 \$61,700,552, or 17 percent. General fund revenues decreased by \$2,648,477, or one (1) percent. Ad valorem tax revenues decreased only slightly by \$1,024,319, or one (1) percent. Licenses and permits decreased by \$7,024,698 or three (3) percent due to non-recurring franchise fee audit assessments, in FY11. Intergovernmental revenue, the largest component of which is the consolidated tax,

increased by \$10,009,100, or four (4) percent, due to the increased economic activity in the local economy. Charges for services decreased by \$5,818,668 or seven (7) percent, largely due to decreased Recorder, Assessor, and engineering fees. Interest income increased by \$1,164,240, or 139 percent, due to unrealized gain/loss variation between FY11 and FY12.

Transfers in decreased by \$59,052,075, or 17 percent, primarily due to the elimination of transfers in from the Master Transportation Plan special revenue fund and County Capital Projects fund.

- Expenditures and transfers out decreased by \$57,290,471, or five (5) percent. General fund expenditures decreased \$32,968,706, or four (4) percent primarily due to continued cost containment procedures. Transfers out decreased by \$24,321,765, or six (6) percent primarily due to reductions in transfers to the Las Vegas Metropolitan Police Department and Detention funds.

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 \$54,416,626. Total revenues and transfers in were \$470,382,262, which was a decrease of \$40,141,829 or eight (8) percent, over the prior year. This decrease occurred primarily due to a reduction of contributions and property taxes. Expenditures, which are primarily personnel costs, decreased \$ 3,875,426 or one (1) percent.
- The non-major governmental funds showed a fund balance of \$1,681,163,474, of which \$812,318,899 or 48% 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 position of the enterprise funds totaled \$803,807,485, a decrease of \$37,734,173, or 4 percent. Total net position for these funds decreased \$119,592,949, three (3) 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 \$785,826,869, unchanged from the original budget. Actual expenditures were \$754,490,501, or four (4) percent less than the final budget, primarily due to the County's ongoing cost containment efforts.
- Revenues of the general fund exceeded the final budget by \$12,298,243, or one (1) percent due to a slight increase in consolidated and sales taxes.

Capital Assets and Debt Administration

Primary Government

- Capital Assets

- o The County's investment in capital assets, net of accumulated depreciation at June 30, 2012, was \$15,121,223,344, an increase of \$559,078,659, 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:

<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
Roadways and streets	\$126 million	Water system additions	\$ 28 million
Flood control projects	\$ 69 million	Airport land acquisition and construction	\$ 265 million
Parks and Recreation facilities	\$ 69 million	Sewer system additions	\$ 64 million
Beltway land acquisition and construction	\$ 15 million		

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land and improvements	\$1,666,821,289	\$1,590,012,024	\$3,363,057,823	\$3,096,450,672	\$5,029,879,112	\$ 4,686,462,696
Buildings	1,198,340,867	868,261,365	4,273,023,510	2,612,582,538	5,471,364,377	3,480,843,903
Machinery and equipment	57,553,095	70,925,385	805,601,971	652,803,662	863,155,066	723,729,047
Infrastructure	3,246,058,331	3,221,604,929	-	-	3,246,058,331	3,221,604,929
Construction in progress	246,813,035	221,402,894	269,804,254	2,228,101,216	516,617,289	2,449,504,110
<b>Total</b>	<b><u>\$6,415,586,617</u></b>	<b><u>\$5,972,206,597</u></b>	<b><u>\$8,711,487,558</u></b>	<b><u>\$8,589,938,088</u></b>	<b><u>\$15,127,074,175</u></b>	<b><u>\$14,562,144,685</u></b>

- 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, 2012, the County had total outstanding bonds and loans of \$10,000,712,571, an increase of \$274,734,252, or three (3) percent, from the prior year. Of this amount, \$1,917,446,765 comprised general obligation debt backed by the full faith and credit of the County, \$2,655,497,162 of general obligation bonds additionally secured by specified revenue sources, \$4,451,155,136 of revenue bonds secured by pledges of various revenue sources, \$400,000,000 of loans, primarily in the form of commercial paper, \$227,261,233 in special assessment debt for which the County is liable in the event of default by the property owners subject to assessment, and \$349,352,275 in capital leases.

**Clark County, Nevada Outstanding Debt**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
General obligation bonds	\$1,917,446,765	\$1,989,622,313	\$ -	\$ -	\$1,917,446,765	\$ 1,989,622,313
Revenue backed general obligation bonds	-	-	2,655,497,162	2,455,411,300	2,655,497,162	2,455,411,300
Revenue bonds	10,000	10,000	4,451,145,136	4,634,690,277	4,451,155,136	4,634,700,277
Special assessment bonds	227,261,233	246,062,739	-	-	227,261,233	246,062,739
Loans	-	181,690	400,000,000	400,000,000	400,000,000	400,181,690
Capital leases	349,352,275	-	-	-	349,352,275	-
<b>Total</b>	<b><u>\$2,494,070,273</u></b>	<b><u>\$2,235,876,742</u></b>	<b><u>\$7,506,642,298</u></b>	<b><u>\$ 7,490,101,577</u></b>	<b><u>\$10,000,712,571</u></b>	<b><u>\$ 9,725,978,319</u></b>

- 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 \$18,851,664 for the fiscal year 2012 compared to \$94,512,750 in fiscal year 2011. The decreased operating loss was due almost entirely to retroactive collections of State of Nevada Medicaid Upper Payment Limit program (UPL) funds from prior fiscal years. Continued high levels of care for uninsured and underinsured patients, and a decrease in State Medicaid funding will continue to contribute to sustained operating losses in the future. The County will need 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.