UMC
UNIVERSITY MEDICAL CENTER

BASIC FINANCIAL STATEMENTS
AND
SINGLE AUDIT INFORMATION

UNIVERSITY MEDICAL CENTER OF SOUTHERN NEVADA

(A COMPONENT UNIT OF CLARK COUNTY, NEVADA)

YEARS ENDED JUNE 30, 2019 AND 2018

UNIVERSITY MEDICAL CENTER OF SOUTHERN NEVADA
(A COMPONENT UNIT OF CLARK COUNTY, NEVADA)

CONTENTS

Tel: 702-784-0000
Fax: 702-784-0161
www.bdo.com

6671 Las Vegas Blvd. South, Suite 200
Las Vegas, NV 89119

Independent Auditor's Report

UMC Governing Board
University Medical Center of Southern Nevada
Las Vegas, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the University Medical Center of Southern Nevada ("UMC"), a component unit of Clark County, Nevada, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise UMC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UMC as of June 30, 2019 and 2018, and the changes in its net position (deficit) and its cash flows and budgeting comparison information for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of UMC's proportionate share of the net pension liability and contributions, and postemployment benefits other than pensions, schedule of changes in the total OPEB liability and related ratios on pages 4 through 14 and 65 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise UMC's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2019 on our consideration of UMC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial

reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UMC's internal control over financial reporting and compliance.

BDO USA, LLP

Las Vegas, Nevada
November 12, 2019

Management's Discussion and Analysis

This section of the annual financial report of the University Medical Center of Southern Nevada (the Hospital) presents background information and our analysis of the Hospital's financial performance during the fiscal years ended June 30, 2019, and 2018, which management believes is relevant for an understanding of our financial condition and results of operations. This discussion should be read in conjunction with the basic financial statements and the related notes included in this report. This discussion and analysis is designed to focus on current activities, resulting change, and currently known facts. The financial statements, notes thereto, and this discussion and analysis are the responsibility of the Hospital's management.

Overview of the Financial Statements

This annual report consists of financial statements prepared in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis — for State and Local Governments* as amended by GASB Statement No. 37, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments: Omnibus* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. These standards establish comprehensive financial reporting standards for all state and local governments and related entities.

The Hospital's financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States as promulgated by the GASB. The Hospital is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when paid. Capital assets are capitalized and are depreciated (except land and construction in progress) over their estimated useful lives. See the *Notes to Financial Statements* for a summary of the Hospital's significant accounting policies.

Following this discussion and analysis are the basic financial statements of the Hospital together with the notes, which are essential to a complete understanding of the data. The Hospital's basic financial statements are designed to provide readers with a broad overview of the Hospital's finances.

The *Statement of Net Position (Deficit)* presents information on all of the Hospital's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of the Hospital's financial position; however, other nonfinancial factors such as change in economic conditions, population growth, including uninsured and underinsured patients, and new or changed government legislation should also be considered.

The *Statement of Revenues, Expenses, and Changes in Net Position (Deficit)* presents information showing how the Hospital's net position changed during each year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future periods.

The *Statement of Cash Flows* relates to the flows of cash and cash equivalents. Consequently, only transactions that affect the Hospital's cash accounts are presented in this statement. A reconciliation is provided at the bottom of the *Statement of Cash Flows* to assist in the understanding of the difference between cash flows from operating activities and operating income or loss.

The Hospital is the public health care facility for Clark County, Nevada (the County). The Board of County Commissioners is, ex officio, the Board of Hospital Trustees, per Chapter 450 of the Nevada Revised Statutes. The seven-member Board of Commissioners is elected from geographic districts on a partisan basis for staggered four-year terms. Commissioners elect a chairperson who serves as the Commission's presiding officer. In 2014 the Commissioners created the UMC Governing Board and selected 9 individuals from the community to serve on the board. The UMC Governing Board provides oversight of the hospital and reports back to the Board of Hospital Trustees.

In accordance with GASB Statement No. 14, *The Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the Hospital's financial statements are included, as a blended component unit, in the County's Comprehensive Annual Financial Report (CAFR). A copy of the CAFR can be obtained from Anna Danchik, Comptroller, 500 South Grand Parkway, Las Vegas, Nevada 89155.

Financial and Operating Highlights for Fiscal 2019

- Overall activity at the Hospital as measured by patient days adjusted for outpatient services (adjusted patient days) decreased by 1.0% from prior year levels.
  - Hospital patient days decreased by 1.5% from the prior year.
  - Outpatient visits increased 21.7% from the prior year.

- The Hospital experienced loss from operations of $6.6 million, and total net position (deficit) increased by $31.7 million.
  - The Upper Payment Limit (UPL) and Indigent Accident Fund (IAF) revenues increased $6.0 million from the prior year to $101.8 million.
  - Total operating revenues increased by 5.2% to $690.3 million.
  - Operating expenses including other postemployment benefits (OPEB) and provision for NPL (GASB 68) increased by 2.9% to $697.0 million as compared to the prior year.

- Total employee full-time equivalents (FTEs) decreased by 12, or 0.3%, from fiscal 2018.

- The Hospital invested $33.0 million in the following capital acquisitions:
  - Hill-Rom Patient Beds
  - Nurse Call System Replacement
  - Magnetic Resonance Imaging System
  - AVEA Ventillators
  - Hospital Wide Furniture Replacement

Financial and Operating Highlights for Fiscal 2018

- Overall activity at the Hospital as measured by patient days adjusted for outpatient services (adjusted patient days) decreased by 2.7% from prior year levels.
  - Hospital patient days increased by 2.9% from the prior year.
  - Outpatient visits decreased 11.0% from the prior year.

- The Hospital experienced loss from operations of $21.1 million, and total net position (deficit) decreased by $91.4 million.
  - The Upper Payment Limit (UPL) revenues decreased $4.2 million from the prior year to $95.8 million.
  - Total operating revenues increased by 2.6% to $656.4 million.
  - Operating expenses including other postemployment benefits (OPEB) and provision for NPL (GASB 68) increased by 6.6% to $677.5 million as compared to the prior year.

- Total employee full-time equivalents (FTEs) increased by 129, or 3.6%, from fiscal 2017.

- The Hospital invested $46.2 million in the following capital acquisitions:
  - ER Department remodel
  - Patient Monitoring Equipment
  - Telemetry System upgrades
  - EPIC Electronic Health Record
  - Building Improvements

Financial Analysis of the Hospital for June 30, 2019 and 2018

In fiscal 2019, net position increased $31.7 million to a deficit of $317.7 million, from a deficit of $349.3 million in fiscal 2018, primarily due to increased efficiencies and expense management, contributions from the County and interest income from pooled investment, offsetting the operating loss. In fiscal 2018, net position (deficit) decreased $91.4 million from regular operations to a deficit of $349.3 million, from a deficit of $257.9 million in fiscal 2017. A summary of the Hospital's Statements of Net Position (Deficit) as of June 30, 2019, 2018 and 2017 is presented in Table 1 below:

Table 1
Condensed Statements of Net Position (Deficit)
(In Thousands)

	June 30		
	2019	2018	2017
Current assets	$ 302,165	$ 298,715	$ 229,576
Restricted and other assets	109,115	97,824	148,484
Capital assets	206,723	203,836	178,190
Total assets	$ 618,003	$ 600,375	$ 556,250
Deferred outflows of resources	$ 116,059	$ 86,119	$ 77,898
Current liabilities	$ 115,348	$ 124,693	$ 115,791
Long-term debt outstanding (a)	25,090	31,316	37,428
Other liabilities (b)	720,935	808,047	695,530
Total liabilities	$ 861,373	$ 964,056	$ 848,749
Deferred inflows of resources	$ 190,362	$ 71,761	$ 43,294
Net investment in capital assets	248,136	236,717	254,871
Restricted	9,239	5,733	5,217
Unrestricted (deficit)	(575,047)	(591,773)	(517,984)
Total net position (deficit)	(317,672)	(349,323)	(257,896)
Total liabilities, deferred inflows and net position (deficit)	$ 734,063	$ 686,494	$ 634,147

(a) Long-term debt excludes current portions of $6,226, $6,107, and $7,302, respectively, included in current liabilities.
(b) Other liabilities include the long-term portion of accrued benefits, self-insured libilities, intergovernmental and net pension liabilities.

Summary of Revenues, Expenses, and Changes in Net Position (Deficit)

The following table presents a summary of the Hospital's revenues and expenses for the years ended June 30, 2019, 2018, and 2017.

Table 2
Condensed Statements of Revenues, Expenses, and
Changes in Net Position (Deficit)
(In Thousands)

	June 30		
	2019	2018	2017
Net patient revenues	$ 669,986	$ 644,374	$ 625,311
Other operating revenues	20,354	12,074	14,640
Total operating revenues	690,340	656,448	639,951
Operating expenses	668,359	657,811	616,542
Depreciation and amortization	28,596	19,720	18,807
	696,955	677,531	635,349
Operating income/(loss)	(6,615)	(21,083)	4,602
Nonoperating revenues, net	11,626	2,647	2,969
Capital contributions received	-	-	-
Transfers In	26,640	31,417	31,000
Change in net position (deficit)	31,651	12,981	38,571
Total net position (deficit), beginning of year	(349,323)	(257,896)	(296,467)
GASB No. 75 Adjustment/GASB No. 82 Adj	-	(104,408)	-
Total net position (deficit), end of year	$ (317,672)	$ (349,323)	$ (257,896)

During fiscal 2019, 2018 and 2017, the Hospital derived approximately 98.2%, 99.4%, and 99.5% respectively, of its total revenues from operating revenues. Operating revenues include, among other items, revenues from the Medicare and Medicaid programs, the Clark County Social Services program, patients or their third-party carriers that pay for their care in the Hospital's facilities, and grant revenues.

Table 3 presents the relative percentages of gross charges billed for patient services by payer for the years ended June 30, 2019, 2018 and 2017.

Table 3
Payer Mix by Percentage

	June 30		
	2019	2018	2017
Medicare	27 %	26 %	25 %
Medicaid, and self-pay	44	45	48
Commercial, HMO, PPO	23	23	21
Other	6	6	6
Total patient revenue	100 %	100 %	100 %

During fiscal 2019, 2018 and 2017, the Hospital derived 1.20%, 0.14% and 0.06%, respectively, of its total revenues from interest income on its capital acquisition, debt service and malpractice funds. The Hospital's cash is deposited with the County Treasurer and funds in the custody of the County Treasurer are invested as a pool. Other non-operating revenues in fiscal 2019 and 2018 include $26.6 million and $31.4 million, respectively, in contributions from the County used primarily to defray operating, capital and debt service costs.

Fiscal 2019 Activity

In fiscal 2019, overall activity at the Hospital as measured by patient days adjusted for outpatient services decreased by 1.0% to 187,155 compared to 189,027 in fiscal 2018. This decrease was due primarily to better throughput and management of length of stay, offset by an increase in outpatient visits.

In fiscal 2019, the Hospital had patient days and discharges of 129,258 and 24,166, respectively. This is a decrease of 1.5% and an increase of 6.4%, respectively, as compared to fiscal 2018. The increase in discharges is due to an increase in patient admissions from 23,026 to 24,228. Outpatient and emergency visits were 430,464 or 21.7% above 2018 levels of 353,835. The increase in outpatient volume occurred primarily due to an increase in Primary Care and Quick Care registrations of 32.8%, offsetting a decrease in emergency registrations of 4.6%.

In fiscal 2019, net patient revenue increased compared to fiscal 2018 by $25.6 million due primarily to price increases, changing landscape of payor mix and major decline in self-pay from prior years, and favorable reimbursable rates changes to contracts.

Excluded from net patient revenue are charges foregone for uncompensated and charity care patient services. Based on established rates, gross charges of $149.8 million were foregone during

fiscal 2019, a 6.8% decrease from fiscal 2018. The Hospital's level of uncompensated and charity care continues to reflect the Hospital's status as a safety net facility in the County.

In fiscal 2019, total operating expenses including OPEB increased by $19.4 million, or 2.9%. The increase in operating expenses was mainly volume driven offset by increased efficiencies and expense management.

In fiscal 2019, employee compensation and benefits including OPEB increased $8.7 million, or 2.1%, due to cost of living increase and ongoing market rate increases, offset by a decrease in the number of paid FTEs relating to the decreased hospital volume, and a decrease in OPEB provision. The number of paid FTEs decreased by 0.3% from 3,695 in fiscal 2018 to 3,683 in fiscal 2019. There was a 2% cost of living increase in fiscal 2019.

Professional fees for contracted physician services to provide coverage for emergency services, trauma services, and for indigent patients increased $0.8 million, or 1.9%, in fiscal 2019. This increase is due primarily to an increase in UNLV resident program.

In fiscal 2019, the cost of supplies increased by $3.9 million, or 3.8%, primarily due to pharmaceuticals increases.

Purchased services expense decreased by $8.0 million or 10.3% in fiscal 2019 primarily due to a decrease in UNLV resident salaries and academic mission support, and saving from eliminating contracted service for environmental service and bringing service in house.

Non-operating revenue (expense) consists of rental income, interest income, and non-operating expenses such as interest expense.

The County contributed a total of $31 million to the Hospital in fiscal 2019 for additional capital equipment purchases which was offset by a $4.4M Small Case legal settlement.

Net position increased $34.2 million to a deficit of $315.2 million in fiscal 2019 primarily due to contributions from the County and interest income from pooled investment, offsetting the operating loss.

Fiscal 2018 Activity

In fiscal 2018, overall activity at the Hospital as measured by patient days adjusted for outpatient services decreased by 2.7% to 189,027 compared to 194,185 in fiscal 2017. This decrease was due primarily to a decrease in outpatient visits, offset by an increase in gross amounts charged for inpatient services.

In fiscal 2018, the Hospital had patient days and discharges of 131,201 and 22,705, respectively.

This is an increase of 2.9% and 8.3%, respectively, as compared to fiscal 2017. The increase in discharges is due to an increase in patient admissions from 20,794 to 23,026. Outpatient and emergency visits were 353,835 or 11.0% below 2017 levels of 397,371. The decrease in outpatient volume occurred primarily due to a decrease in Primary Care and Quick Care registrations of 17.0% and a decrease in emergency registrations of 4.1%.

In fiscal 2018, net patient revenue increased compared to fiscal 2017 by $19.1 million due primarily to price increases, changing landscape of payor mix and major decline in self-pay from prior years, and favorable reimbursable rates changes to contracts.

Excluded from net patient revenue are charges foregone for uncompensated and charity care patient services. Based on established rates, gross charges of $160.8 million were foregone during fiscal 2018, a 3.3% decrease from fiscal 2017. The Hospital's level of uncompensated and charity care continues to reflect the Hospital's status as a safety net facility in the County.

In fiscal 2018, total operating expenses including OPEB increased by $42.2 million, or 6.6%. The increase in operating expenses was mainly volume driven which drove increases in employee compensation and benefits, supplies, and professional fees, with additional increases not volume driven in depreciation expenses, utilities expenses, and rental/lease expenses, offset by decreases in purchased services, and other expenses.

In fiscal 2018, employee compensation and benefits including OPEB increased $32.2 million, or 8.5%, due to an increase in the number of paid FTEs relating to the increased hospital volume and an increase in OPEB provision, along with cost of living increase and ongoing market rate increases. The number of paid FTEs increased by 3.6% from 3,566 in fiscal 2017 to 3,695 in fiscal 2018. There were 2% cost of living increases given in fiscal 2018.

Professional fees for contracted physician services to provide coverage for emergency services, trauma services, and for indigent patients increased $9.5 million, or 28.3%, in fiscal 2018. This increase is due primarily to a reclassification of UNLV residents program from purchased services.

In fiscal 2018, the cost of supplies increased by $3.0 million, or 3.1%, primarily due to surgery cases increases.

Purchased services expense decreased by $2.5 million or 3.1% in fiscal 2018 due to a reclassification of professional fees in UNLV residents program, offset by increase in patient system (EPIC) hosting and maintenance fees.

Non-operating revenue (net) consists of rental income, interest income, and non-operating expenses such as interest expense.

The County contributed a total of $31.4 million to the Hospital in fiscal 2018, which was to be

used for additional capital equipment purchases and reserves.

Net position (deficit) decreased $91.4 million to a deficit of $349.3 million in fiscal 2018 primarily due to a negative impact from implementing GASB 75 related to OPEB, and the operating loss, offset by an increase in operating and contributions from the County.

Capital Assets

During fiscal 2019 and 2018, the Hospital invested $33.0 million and $46.2 million, respectively, in a broad range of capital assets. Gross capital assets increased in fiscal 2019 due to an increase in purchase of Hill-Rom patient beds, Nurse Call System replacement, Magnetic Resonance Imaging System, AVEA Ventillators, and hospital wide furniture replacement. Gross capital assets increased in fiscal 2018 due to an increase in purchase of EPIC electronic health record, Emergency Department remodeling project, telemetry system upgrades, patient monitoring equipment, and other facility remodeling and improvements.

The Hospital's fiscal 2020 capital budget includes up to $ 31 million for capital projects, consisting of critical patient-related equipment replacement items, facility remodeling & repairs, IT software and infrastructure upgrades, operational equipment, and service line enhancements.

The Hospital is subject to several contracts and commitments relating to construction projects and services. These commitments are not expected to significantly affect the availability of fund resources for future use.

Long-Term Debt

At June 30, 2019 and 2018, the Hospital had $25.1 million and $31.3 million, respectively, in long-term debt, excluding the current portion thereof. This represented a decrease of $6.2 million and $6.1 million, respectively, from the outstanding balances at June 30, 2018, and June 30, 2017. Total outstanding debt represents 3.6% and 3.9% of the Hospital's total liabilities as of June 30, 2019 and 2018, respectively.

Economic Factors

The most recent unemployment statistics, as of August 2019, indicated that the unemployment rate for the Las Vegas, Nevada metropolitan area was 4.5%, which was a 6.25% decrease from a year ago. The unemployment rate for the State of Nevada and the United States was 4.1% and 3.8%, respectively.

Inflationary trends in the County are comparable to the United States national indices.

All of these factors affected the fiscal 2019 operating and financial performance. The focus of

management in the near term is to develop a multi-year plan that will emphasize revenue generation, cost control, fiscal discipline, capital requirements, and financing in support of net asset stability and a focus on the core services provided to patients.

Contacting the Hospital's Financial Management

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Hospital's finances and to demonstrate the Hospital's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Finance Department, University Medical Center of Southern Nevada, 1800 West Charleston Blvd., Las Vegas, Nevada 89102.

University Medical Center of Southern Nevada
A Component Unit of Clark County, Nevada

Statements of Net (Deficit)

	June 30 2019	2018
Assets		
Current assets:		
Cash and cash equivalents	**$ 113,947,329**	$ 121,107,943
Assets limited as to use, current portion	**1,353,176**	6,490,889
Patient receivables, net of allowance for uncollectible accounts of $343,931,724 in 2019 and $174,424,618 in 2018	**134,713,986**	122,728,304
Other receivables, net	**35,768,115**	34,356,684
Inventories	**12,476,299**	11,436,654
Prepaid expenses and other	**3,906,493**	2,594,604
Total current assets	**302,165,398**	298,715,078
Assets limited as to use, net of current portion:		
Contributor or grantor restricted:		
Cash and cash equivalents	**17,742,086**	16,380,052
Grants receivable	**275,023**	260,353
Internally designated cash and cash equivalents	**92,365,706**	87,583,484
	110,382,815	104,223,889
Less amount required to meet current obligations	**(1,353,176)**	(6,490,889)
Total assets limited as to use, net of current portion	**109,029,639**	97,733,000
Other assets:		
Land	**10,204,997**	10,204,997
Depreciable property and equipment, net	**183,557,565**	142,236,473
Construction in progress	**12,960,927**	51,394,855
Deposits	**85,156**	91,104
Total assets	**$ 618,003,682**	$ 600,375,507
Deferred outflows of resources		
Unamortized loss on refunding	**$ 297,287**	$ 457,547
Related to pensions	**109,618,952**	81,483,542
Related to OPEB (postemployment benefits other than pensions)	**6,142,710**	4,177,797
Total deferred outflows of resources	**$ 116,058,949**	$ 86,118,886

(Continued)

University Medical Center of Southern Nevada
A Component Unit of Clark County, Nevada

Statements of Net (Deficit) (continued)

	June 30	
	2019	**2018**
Liabilities and net position (deficit)		
Current liabilities:		
Accounts payable	**$ 49,742,474**	$ 65,041,137
Accrued compensation and benefits	**47,548,792**	39,257,628
Other accrued expenses	**2,553,988**	4,218,588
Current portion of long-term debt	**6,226,000**	6,107,000
Due to related party	**3,364,893**	6,059,647
Current portion of self-insurance liability	**5,911,430**	4,008,536
Total current liabilities	**115,347,577**	124,692,536
OPEB liability	**155,914,090**	276,829,960
Long-term debt, net of current portion	**25,090,000**	31,316,000
Self-insurance liability, net of current portion	**9,485,125**	7,879,328
Intergovernmental liability	**42,584,931**	47,326,944
Net pension liability	**512,951,016**	476,011,834
Total liabilities	**861,372,739**	964,056,602
Deferred inflows of resources		
Related to pensions	**32,914,499**	40,511,412
Related to OPEB	**157,447,685**	31,249,305
Total deferred inflows of resources	**190,362,184**	71,760,717
Net position (deficit):		
Net investment in capital assets	**248,136,136**	236,717,400
Restricted:		
Hospital and administrative programs	**4,140,483**	1,996,326
Donations, various programs	**3,570,875**	2,014,875
Research programs	**246,838**	422,199
Educational programs	**1,280,576**	1,300,060
	9,238,772	5,733,460
Unrestricted (deficit)	**(575,047,200)**	(591,773,786)
Total net position (deficit)	**$ (317,672,292)**	$ (349,322,926)

See accompanying notes.

University Medical Center of Southern Nevada
A Component Unit of Clark County, Nevada

Statements of Revenues, Expenses, and Changes in Net Position (Deficit)

	Years Ended June 30	
	2019	**2018**
Operating revenues:		
Net patient revenues (net of provisions for bad debts of $43,684,598 and $20,851,664 in 2019 and 2018, respectively)	**$ 669,985,997**	$ 644,374,315
Other operating revenues	**20,353,725**	12,074,395
Total operating revenues	**690,339,722**	656,448,710
Operating expenses:		
Nursing and other professional services	**465,476,321**	446,833,232
Administrative and fiscal services	**137,342,103**	129,944,621
General services	**54,918,372**	59,702,260
Depreciation and amortization	**28,595,579**	19,720,347
	686,332,375	656,200,460
Income from operations before provision for OPEB and net pension liabilities	**4,007,347**	248,250
Provision for OPEB	**9,415,164**	21,318,124
Provision for net pension liabilities	**1,206,858**	12,916
Loss from operations	**(6,614,675)**	(21,082,790)
Nonoperating revenues (expenses):		
Interest income	**8,810,497**	936,229
Rental income	**1,533,046**	1,844,929
Interest expense	**(1,130,577)**	(1,233,011)
Other nonoperating revenues	**2,412,797**	1,098,941
Total nonoperating revenues (expenses), net	**11,625,763**	2,647,088
(Loss) income before transfers	**5,011,088**	(18,435,702)
Transfers in	**26,639,546**	31,416,959
Change in net position (deficit)	**31,650,634**	12,981,257
Net position (deficit), beginning of year	**(349,322,926)**	(257,895,883)
GASB No.75/GASB No. 82 adjustment	**-**	(104,408,300)
Net position (deficit), end of year	**$(317,672,292)**	$ (349,322,926)

See accompanying notes.

University Medical Center of Southern Nevada
A Component Unit of Clark County, Nevada

Statements of Cash Flows

	Years Ended June 30 2019	2018
Cash flows from operating activities		
Cash received from patients and third-party payers	**$ 653,258,301**	$ 622,471,379
Cash payments to suppliers for goods and services	**(239,399,296)**	(239,281,454)
Cash payments to employees for services and benefits	**(406,537,600)**	(393,385,338)
Other operating receipts	**20,339,055**	12,164,867
Net cash provided by operating activities	**27,660,460**	1,969,454
Cash flows from noncapital financing activities		
Contributions and transfers in from Clark County	**-**	416,959
Contributions, donations and other	**2,412,797**	1,098,941
Net cash provided by noncapital financing activities	**2,412,797**	1,515,900
Cash flows from capital and related financing activities		
Purchase of property and equipment, net	**(34,321,629)**	(37,432,737)
Principal paid on long-term debt	**(6,107,000)**	(7,302,000)
Interest paid on long-term debt	**(1,004,529)**	(1,109,859)
Other	**1,533,046**	1,844,929
Net cash used in capital and related financing activities	**(39,900,112)**	(43,999,667)
Cash flows from investing activities		
Interest received	**8,810,497**	936,229
Decrease in cash and cash equivalents	**(1,016,358)**	(39,578,084)
Cash and cash equivalents, beginning of year	**225,071,479**	264,649,563
Cash and cash equivalents, end of year	**$ 224,055,121**	$ 225,071,479
Unrestricted cash and cash equivalents	**$ 113,947,329**	$ 121,107,943
Contributor or grantor restricted cash and cash equivalents	**17,742,086**	16,380,052
Internally designated cash and cash equivalents	**92,365,706**	87,583,484
Total cash and cash equivalents	**$ 224,055,121**	$ 225,071,479

(Continued)

University Medical Center of Southern Nevada
A Component Unit of Clark County, Nevada

Statements of Cash Flows (continued)

	Years Ended June 30	
	2019	**2018**
Reconciliation of loss from operations to net cash provided by operating activities		
Loss from operations	**$ (6,614,675)**	$ (21,082,790)
Adjustments to reconcile loss from operations to net cash provided by operating activities:		
Depreciation and amortization	**28,595,579**	19,720,347
Provision for uncollectible accounts	**43,684,598**	20,851,664
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Patient receivables	**(55,670,283)**	(53,389,975)
Inventories	**(1,039,645)**	(141,576)
Prepaid expenses and other current assets	**28,262,012**	5,592,240
Deferred outflows of resources	**(30,100,323)**	(8,382,984)
Increase (decrease) in:		
Other noncurrent assets	**5,948**	30,697
Accounts payable and accrued expenses	**(135,817,338)**	230,276
Self-insured liability	**3,508,691**	415,817
Due to related party	**(2,694,754)**	2,658,330
Deferred inflows of resources	**155,540,650**	35,467,408
Net cash provided by operating activities	**$ 27,660,460**	$ 1,969,454

See accompanying notes.

University Medical Center of Southern Nevada
A Component Unit of Clark County, Nevada
Statements of Revenue and Expenses, Budget to Actual Comparisons
For the fiscal year ended June 30, 2019
(With comparative actual for the fiscal year ended June 30, 2018)

	2019				2018
	Original Budget	**Final Budget**	**Actual**	**Variance**	Actual
Operating revenues:					
Intergovernmental revenues:					
Grants	$ 2,046,803	$ 2,193,346	$ 2,179,989	$ (13,357)	$ 2,215,707
Charges for services:					
Total patient revenue	657,738,620	686,301,768	669,985,997	(16,315,771)	644,374,315
Other operating revenues	8,271,948	5,613,156	18,173,736	12,560,580	9,858,688
Total operating revenues	**668,057,371**	**694,108,270**	**690,339,722**	**(3,768,548)**	**656,448,710**
Operating expenses:					
Salaries & wages	278,721,925	286,006,186	285,627,530	378,656	267,670,692
Employee benefits	122,642,157	125,063,480	123,103,668	1,959,812	117,281,474
Services & Supplies	101,314,545	101,533,084	105,040,242	(3,507,158)	101,153,664
Professional fees	43,111,704	44,592,809	44,026,765	566,044	43,191,921
Purchased Services	76,752,329	83,787,974	71,838,580	11,949,394	84,295,883
Other	15,295,654	18,912,241	19,398,469	(486,228)	14,581,877
Rent	8,551,788	8,850,786	8,701,542	149,244	8,304,602
Depreciation/amortization	19,769,612	21,566,054	28,595,579	(7,029,525)	19,720,347
Total operating expenses	**666,159,714**	**690,312,614**	**686,332,375**	**3,980,239**	**656,200,460**
Nonoperating revenues (expenses):					
Interest earnings	1,616,463	4,043,100	8,810,497	(4,767,397)	936,229
Interest expense	(1,104,237)	(1,132,920)	(1,130,577)	(2,343)	(1,233,011)
Provision for OPEB & net pension liabilities	(23,939,240)	(16,235,976)	(10,622,022)	(5,613,954)	(21,331,040)
Other nonoperating revenue	2,684,551	2,143,508	3,945,843	(1,802,335)	2,943,870
Total nonoperating revenues (expenses), net	**(20,742,463)**	**(11,182,288)**	**1,003,741**	**(12,186,029)**	**(18,683,952)**
Income (Loss) before transfers	**(18,844,806)**	**(7,386,632)**	**5,011,088**	**12,397,720**	**(18,435,702)**
Transfers In	**31,000,000**	**31,000,000**	**26,639,546**	**(4,360,454)**	**31,416,959**
Change in Net Position (Deficit)	**$ 12,155,194**	**$ 23,613,368**	**$ 31,650,634**	**$ 8,037,266**	**$ 12,981,257**

University Medical Center of Southern Nevada
A Component Unit of Clark County, Nevada
Statements of Cash Flows Budget to Actual Comparisons
For the fiscal year ended June 30, 2019
(With comparative actual for the fiscal year ended June 30, 2018)

	2019				2018
	Original Budget	**Final Budget**	**Actual**	**Variance**	Actual
Cash flows from operating activities:					
Cash received from patients and third-party payers	$ 635,609,798	$ 686,301,768	$ 653,258,301	$ (33,043,467)	$ 622,471,379
Cash paid to employees & benefits	(214,988,488)	(411,069,666)	(406,537,600)	4,532,066	(393,385,338)
Cash paid to suppliers for goods and services	(399,725,329)	(257,676,894)	(239,399,296)	18,277,598	(239,281,454)
Other operating receipts	10,318,751	7,806,502	20,339,055	12,532,553	12,164,867
Net cash provided by operating activities	**31,214,732**	**25,361,710**	**27,660,460**	**2,298,750**	**1,969,454**
Cash flows from noncapital financing activities:					
Contributions and transfers in from Clark County	31,000,000	31,000,000	-	(31,000,000)	416,959
Contributions, donations and other	742,921	742,921	2,412,797	1,669,876	1,098,941
Net cash provided by noncapital financing activities	**31,742,921**	**31,742,921**	**2,412,797**	**(29,330,124)**	**1,515,900**
Cash flows from capital and related financing activities:					
Purchase of property and equipment, net	(23,501,000)	(31,000,000)	(34,321,629)	(3,321,629)	(37,432,737)
Principal paid on long-term debt	(6,107,000)	(6,107,000)	(6,107,000)	-	(7,302,000)
Interest paid on long-term debt	(1,004,237)	(1,004,237)	(1,004,529)	(292)	(1,109,859)
Other	12,577,004	12,035,961	1,533,046	(10,502,915)	1,844,929
Net cash used in capital and related financing activities	**(18,035,233)**	**(26,075,276)**	**(39,900,112)**	**(13,824,836)**	**(43,999,667)**
Cash flows from investing activities					
Interest received	**1,616,463**	**4,043,100**	**8,810,497**	4,767,397	**936,229**
Net (decrease) increase in cash and cash equivalents	**46,538,883**	**35,072,455**	**(1,016,358)**	**(36,088,813)**	**(39,578,084)**
Cash and cash equivalents:					
Beginning of year	**294,573,751**	**294,573,751**	**225,071,479**	**(69,502,272)**	**264,649,563**
End of year	**$ 341,112,634**	**$ 329,646,206**	**$ 224,055,121**	**$ (105,591,085)**	**$ 225,071,479**

Overview of the Financial Statements

This annual report consists of financial statements prepared in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis — for State and Local Governments* as amended by GASB Statement No. 37, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments: Omnibus* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. These standards establish comprehensive financial reporting standards for all state and local governments and related entities.

1. Description of Reporting Entity and Summary of Significant Accounting Policies

Reporting Entity

University Medical Center of Southern Nevada (the Hospital), the public health care facility for Clark County, Nevada (the County), is a blended component unit of the County, and is reflected as an enterprise fund of the County. The Hospital is organized and operated by The Board of County Commissioners, ex officio, the Board of Hospital Trustees, per Chapter 450 of the Nevada Revised Statutes. The seven-member commission is elected from geographic districts on a partisan basis for staggered four-year terms. Commissioners elect a chairperson who serves as the Commission's presiding officer. In 2014 the Commissioners created the UMC Governing Board and selected 9 individuals from the community to serve on the board. The UMC Governing Board provides oversight of the Hospital and reports back to the Board of Hospital Trustees. As the Hospital is a component unit of the County, it is exempt from income tax and, accordingly, no provision for income taxes is required.

In accordance with GASB Statement No. 14, *The Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the Hospital's financial statements are included, as a blended component unit, in the County's Comprehensive Annual Financial Report (CAFR). A copy of the CAFR can be obtained from Jessica Colvin, CFO, 500 South Grand Parkway, Las Vegas, Nevada 89155.

Summary of Significant Accounting Policies

The financial statements of the Hospital are prepared under accounting principles generally accepted in the United States applicable to state and local governmental entities on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. Substantially all revenues and expenses are subject to accrual.

1. Description of Reporting Entity and Summary of Significant Accounting Policies (continued)

The Hospital is accounted for as a proprietary fund (enterprise fund) using the flow of economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the Hospital's operations are included in the *Statement of Net Position (Deficit)*. Revenue is recognized in the period in which it is earned and expenses are recognized in the period in which incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates.

Cash, Cash Equivalents, and Investments

Cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less at date of purchase, excluding amounts held under trust agreements. The Hospital's restricted and unrestricted cash is deposited with the County Treasurer (the Treasurer) in a fund similar to an external investment pool that is reported at fair value. Because the amounts deposited with the Treasurer are sufficiently liquid to permit withdrawals in the form of cash at any time without prior notice or penalty, they are deemed to be cash equivalents. GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires the County to adjust the carrying amount of its investment portfolio to reflect the change in fair or market values. Interest revenue is increased or decreased in relation to this adjustment of unrealized gain or loss. Net interest income reflects this positive or negative market value adjustment. Financial information required by GASB Statement No. 3, No. 40 and No. 72 regarding the accounting and financial reporting for the Hospital's investment pool, held by the Clark County Treasurer, has been disclosed in the Clark County Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2019, and June 30, 2018.

Inventories

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated at the lower of cost or market, generally determined on the first-in, first-out method.

1. Description of Reporting Entity and Summary of Significant Accounting Policies (continued)

Restricted Assets

Restricted assets are cash and cash equivalents and investments whose use is limited by legal or other requirements. Restricted cash and cash equivalents represent monies received from donors or grantors to be used for specific purposes, as well as the Hospital's proportionate share of collateral assets held under securities lending transactions and those whose purpose was limited by the contributor and/or grantor. The Hospital has elected to use restricted assets before unrestricted assets when an expense is incurred for a purpose for which both resources are available.

Capital Assets

Capital assets are stated at historical cost or, if donated, at estimated fair value at the date of the gift. Capital assets are defined by the Hospital as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Depreciation and amortization of assets are recorded in amounts sufficient to amortize the cost of the related assets over their estimated useful lives using the straight-line method. The following are the most commonly used estimated useful lives:

Buildings	10-40 years
Building improvements	5-20 years
Equipment	3-20 years
Land improvements	15 years
Furniture and fixtures	5 years

Expenditures that substantially increase the useful lives or functionality of existing assets are capitalized. Routine maintenance, repairs, and minor improvements are expensed as incurred. The cost of property retired and related accumulated depreciation is removed from the accounts, and any gain or loss recognized in non-operating revenues (expenses).

Management reviews the recoverability of its capital assets in accordance with the provisions of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries*. GASB Statement No. 42 requires recognition of impairment of long-lived assets in the event the asset's service utility has declined significantly and unexpectedly. Accordingly, management evaluates assets' utility annually or when an event occurs that may impair recoverability of the asset. No impairments were identified as of June 30, 2019.

1. Description of Reporting Entity and Summary of Significant Accounting Policies (continued)

Bond and Debt Issue Costs

Financing costs represent debt issuance expenses on long-term debt obligations and are expensed as incurred in accordance with GASB No. 65.

Cost of Borrowing

Interest costs incurred on debt during the construction or acquisition of assets are capitalized as a component of the cost of acquiring those assets. No capitalized interest was recorded in fiscal 2019 and 2018.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and is not recognized as expense until then. In the Hospital financial statements, unamortized loss on refunding and pension and OPEB contributions are reported as a deferred outflow of resources. The unamortized loss on refunding results from the difference between the reacquisition price and the net carrying amount of the refunded debt. This amount is deferred and amortized over the life of the refunding debt. The pension and OPEB contributions in deferred outflows are related to those contributions made after the measurement period.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources until that time. In the Hospital financial statements, future resources yet to be recognized in relation to the pension and OPEB actuarial calculations are reported as deferred inflow of resources. These future resources arise from differences in the estimates used by the actuary to calculate the pension and OPEB liability and the actual results. The amounts are amortized over a predetermined period.

Postemployment Benefits Other Than Pensions

For purposes of measuring the Hospital's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plans and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating

1. Description of Reporting Entity and Summary of Significant Accounting Policies (continued)

interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Compensated Absences

It is the Hospital's policy to permit employees to accumulate earned, but unused vacation and sick leave benefits. Such benefits were accrued when incurred as a current liability in both fiscal 2019 and 2018.

Self-Insured Liability

The self-insured liability represents the provision for estimated self-insured professional liability claims, general liability claims, and workers' compensation claims. The provision includes estimates of the ultimate costs for both reported claims and claims incurred but not reported based on the recommendations of an independent actuary.

Net Position (Deficit)

GASB Statement No. 34 requires the classification of net position (deficit) into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- Net investment in capital assets: This component of net position (deficit) consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- Restricted: This component of net position (deficit) results from restrictions placed on net position (deficit) use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted: This component of net position (deficit) consists of all net position (deficit) that do not meet the definition of restricted or net investment in capital assets.

1. Description of Reporting Entity and Summary of Significant Accounting Policies (continued)

Statements of Revenues, Expenses, and Changes in Net Position (Deficit)

All revenues and expenses directly related to the delivery of health care services are included in operating revenues and expenses in the *Statements of Revenues, Expenses, and Changes in Net Position (Deficit)*. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing activities, non-exchange transactions, or investment income.

Net Patient Revenue, Accounts Receivable, and Allowance for Uncollectible Accounts

Net patient revenue is reported at the estimated realizable amount from patients, third-party payers, and others for services provided including the provision for bad debts and includes estimated retroactive adjustments under reimbursement agreements with third-party payers. Revenue under certain third-party payer agreements is subject to audit, retroactive adjustments, and significant regulatory actions. Provisions for third-party settlements and adjustments are estimated in the period the related services are provided and adjusted in future periods as additional information becomes available and as final settlements are determined.

As part of the Hospital's mission to serve the community, the Hospital provides care to patients even though they may lack adequate insurance or may participate in programs that do not pay established rates. Uncompensated care is defined as write-offs on patient accounts without insurance payment. Charity care is a subset of uncompensated care representing those patients that are approved by the hospital for a discount under its charity policy guidelines. Throughout the admission, billing, and collection processes, certain patients are identified by the Hospital as indigent or qualifying for charity care. The Hospital provides care to these patients without charge or at amounts less than its established rates or actual costs. Net patient revenue is reflected net of the charity care reserves. Charity care reserves are based on gross revenue foregone. The actual costs for charity care in accordance with the Hospitals charity care policy aggregated approximately $30,372,279 and $32,890,919 for the years ending June 30, 2019 and 2018, respectively. The Hospital has estimated the cost of charity care based on a ratio of cost to charges of operating expenses excluding interest expense.

The Hospital has agreements with third-party payers that provide for payment at amounts different from established charge rates. A summary of the basis of payment by major third-party payers follows:

1. Description of Reporting Entity and Summary of Significant Accounting Policies (continued)

- Medicare and Medicaid: The Hospital renders services to patients under contractual arrangements with the U.S. Federal Medicare and the State of Nevada (State) Medicaid programs. Inpatient acute care services rendered to Medicare and Medicaid program beneficiaries and Medicare capital costs are paid at prospectively determined rates-per-discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. As an academic medical center, medical education payments in addition to disproportionate share entitlements are received from Medicare and Medicaid. Medicare utilizes a prospective payment system for inpatient rehabilitation services and psychiatric services.

  Medicare outpatient claims are reimbursed under the Ambulatory Payment Classification based prospective payment system. The payments are based on patient assessment data classifying patients into one of the Medicare Ambulatory Payment Classifications. Inpatient rehabilitation and psychiatric services are reimbursed at a prospectively determined per diem rate. Certain outpatient services related to Medicare beneficiaries and capital costs for Medicaid beneficiaries are reimbursed based on a cost-based methodology subject to certain limitations. The Hospital is reimbursed for cost reimbursable items at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare and Medicaid fiscal intermediaries.

  The Hospital's classification of patients under the Medicare and Medicaid programs and the appropriateness of their admission, and therefore, the revenues received are subject to an independent review and retroactive adjustment. Differences between the estimated amounts accrued at interim and final settlements are reported in the *Statement of Revenues, Expenses, and Changes in Net Position (Deficit)* in the year of settlement. Medicare cost reports have been finalized through fiscal year 2015. Provisions for estimated retroactive adjustments for cost report years that have not been finalized have been provided, where applicable. The Hospital recorded a favorable adjustment of $570,950, and $6,033,364 in fiscal 2019 and fiscal 2018, respectively, due to prior year retroactive adjustments to amounts previously estimated and changes in estimates.

  The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, governmental program participation, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Laws and

1. Description of Reporting Entity and Summary of Significant Accounting Policies (continued)

regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as repayment of patient services previously billed. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs unknown or unasserted at this time. As a result, there is at least a reasonable possibility that recorded estimates could change by a material amount in the near term. Management believes that the Hospital is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations, and that adequate provision has been made in the financial statements for any adjustments that may result from final settlements.

- Upper payment limit: On September 22, 2002, the amendment to the State Medicaid program to allow for supplemental Medicaid payments as provided under federal regulations, referred to as the Upper Payment Limit program (UPL), was approved by the Center for Medicare and Medicaid Services (CMS). Effective January 1, 2003, the amendment revised the State's plan to provide access to supplemental Medicaid payments up to 100% of the Medicare upper payment limits for inpatient hospital services rendered by public hospitals in the State to State Medicaid consumers. The State fiscal 2015 budget also included an expansion of the UPL program to outpatient services.

  These funds are distributed prospectively on a quarterly basis. Funding for the UPL program is generated through intergovernmental transfers and matching funds from the federal government. The gross amount recorded in net patient service revenue for UPL and Indigent Accident Fund (IAF) was $101,824,424 and $95,821,547 in fiscal 2019 and 2018, respectively.

- Disproportionate share: As a public health care provider, the Hospital renders services to residents of the County and others regardless of ability to pay. The Hospital is classified as a disproportionate share provider by the Medicare and Medicaid programs due to the volume of low-income patients it serves. Accordingly, the Hospital receives additional payments from these programs as a result of this status totaling $71,529,083 and $69,547,019 in fiscal 2019 and 2018, respectively, which are included in net patient revenue. As of June 30, 2019 and 2018, the Hospital has reserved approximately $42,584,931, $47,326,944, respectively, for possible future adjustments, which is reflected

1. Description of Reporting Entity and Summary of Significant Accounting Policies (continued)

in intergovernmental liabilities on the accompanying statements of net position (deficit). Normal estimation differences between final settlements and amounts accrued in previous periods are reflected in net patient revenues in the period of settlement. These estimation differences between final settlements and amounts previously accrued results in an increase of $4,742,013 in net patient revenues during the year ended June 30, 2019. Funding for the disproportionate share program is generated through intergovernmental transfers and matching funds from the federal government. The Hospital also provides major trauma services to the region, and the ability to continue these levels of service and programs is contingent upon the continuation of various funding sources.

- Other payers: The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment under these agreements includes prospectively-determined rates-per-discharge, discounts from established charges, and prospectively-determined per diem rates.

The approximate percentage of gross patient revenues by major payer group for the fiscal years ended June 30 follows:

	2019	2018
Medicare	27 %	26 %
Medicaid, and self-pay	44	45
Commercial, HMO, PPO	23	23
Other	6	6
Total	100 %	100 %

The provision for bad debts is based upon management's assessment of expected net collections considering economic conditions, historical experience, trends in health care coverage, and other collection indicators. Periodically throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience by payer category, including those amounts not covered by insurance. The results of this review are then used to make any modifications to the provision for bad debts to establish an appropriate allowance for uncollectible accounts. Extensive efforts are made to collect all amounts owed to the Hospital. Several avenues are pursued including direct collections efforts, assistance in finding pay sources, and assistance in compliance with the County's uninsured discount program. After satisfaction of amounts due from insurance and reasonable efforts to collect from the patient have been exhausted, the Hospital follows established guidelines for placing certain past-due patient balances with

1. Description of Reporting Entity and Summary of Significant Accounting Policies (continued)

collection agencies, subject to the terms of certain restrictions on collection efforts as determined by the Hospital. These accounts are then followed up by collection agencies.

For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for bad debts, allowance for contractual adjustments, provision for bad debts, and contractual adjustments on accounts for which the third-party payor has not yet paid or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely. For receivables associated with self-pay patients or with balances remaining after the third-party coverage has already paid, the

Hospital records a significant provision for bad debts in the period of services on the basis of its historical collections, which indicates that many patients ultimately do not pay the portion of their bill for which they are financially responsible. The difference between the discounted rates and the amounts collected after all reasonable collection efforts have been exhausted is charged off against the allowance for bad debts. In the fiscal year ended 2019, additional analysis of self-pay patient collection history and process refinements have resulted in a change in estimate, increasing the allowance for doubtful accounts by approximately $2.5 million. The change in the allowance for bad debts was as follows for the fiscal year ended June 30:

	2019	2018
Reserve-Beginning Balance	$ (174,424,618)	$ (160,317,923)
Provision	(193,523,173)	(181,687,452)
Write-Offs	29,096,298	178,779,829
Bad Debt Recovery	(5,080,231)	(11,199,072)
Reserve-Ending Balance	$ (343,931,724)	$ (174,424,618)

1. Description of Reporting Entity and Summary of Significant Accounting Policies (continued)

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer arrangements. Significant concentrations of patient accounts receivable at June 30, 2019 and 2018 include:

	2019	2018
Medicare	17 %	16 %
Medicaid, and self-pay	52	40
Commercial, HMO, PPO	23	20
Other	8	24
Total	100 %	100 %

Grants and Contributions

The Hospital receives financial assistance from federal agencies, the State, and the County, in the form of grants, as well as contributions from individuals and private organizations. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes and are reported as other operating revenues.

Other such audits could be undertaken by federal and state granting agencies and result in the disallowance of claims and expenditures; however, in the opinion of management, any such disallowed claims or expenditures will not have a material effect on the overall financial position of the Hospital.

Defined Benefit Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Nevada (NVPERS) and additions to/deductions from NVPERS fiduciary net position have been determined on the same basis as they are reported by NVPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1. Description of Reporting Entity and Summary of Significant Accounting Policies (continued)

Concentrations of Credit and Economic Risks and Uncertainties

Financial instruments that potentially subject the Hospital to concentrations of credit risk consist principally of cash and cash equivalents, patient accounts receivable, and investments.

The Hospital's cash and cash equivalents on deposit with financial institutions, including cash and cash equivalents in the custody of the Treasurer or a fiscal agent, are often in excess of federally insured limits, and the risk of losses related to such concentrations may be increasing as a result of continuing economic conditions including, but not limited to, weakness in the commercial and investment banking systems. The extent of a future loss, if any, to be sustained as a result of uninsured deposits in the event of a future failure of a financial institution; however, is not subject to estimation at this time.

Concentration of credit risk relating to patient accounts receivable is limited to some extent by the diversity and number of the Hospital's patients and payers. Patient accounts receivable consist of amounts due from government programs, commercial insurance companies, private pay patients, and other group insurance programs. One payer source, self-pay, comprises approximately 21% and 6% of gross patient accounts receivable at June 30, 2019 and 2018, respectively. The Hospital maintains an allowance for losses based on the expected collectability of patient accounts receivable.

Because the Hospital operates in the health care industry exclusively in southern Nevada, realization of its receivables, inventories, and its future operations could be affected by adverse economic conditions in the area. In addition, the Hospital receives the majority of its supplies from a limited number of suppliers and any reduction or interruption of such sources could adversely affect future operations. The majority of the Hospital's employees are covered by collective bargaining agreements entered into with the Service Employee International Union (SEIU) and the International Union of Operating Engineers (IUOE). The SEIU updated contract was ratified, effective on July 1, 2016 and will expire on June 30, 2020. The IUOE contract was updated and ratified on March 19, 2013. The IUOE contract expired June 30, 2016, the updated contract was ratified on April 13, 2017, and was retroactively effective on July 1, 2016. The IUOE contract will expire on June 30, 2020.

1. Description of Reporting Entity and Summary of Significant Accounting Policies (continued)

Subsequent Events

The Hospital evaluates the impact of subsequent events, which are events that occur after the statement of net position (deficit) date but before the financial statements are issued, for potential recognition in the financial statements as of the statement of net position date. For the year ended June 30, 2019, the Hospital evaluated subsequent events through November 12, 2019, representing the date the accompanying audited financial statements were issued. During this period the Hospital determined there were no subsequent events that needed to be disclosed.

2. Recent Accounting Pronouncements

The GASB has issued the following statements that have been recently implemented by the Hospital:

Statement No. 83, *Certain Asset Retirement Obligations*

- Establishes measurement criteria for recording a liability for the retirement or removal of certain assets such as:
  - Nuclear power plants
  - Sewage treatment facilities
  - Coal-fired power plant
  - Wind turbines
  - X-ray machines
- Governments with legal obligations to perform future asset retirement activities related to its tangible capital assets would be required to recognize a liability.
- Must be both an external obligating event, such as a court judgment or federal, state or local law; and an internal obligating event, such as contamination or retirement.
- A liability and corresponding deferred outflow are recorded when the liability is both incurred and reasonably estimable.
- The liability is based on the best estimate of the current value of outlays expected to be incurred.
- Deferred outflows should be amortized over the estimated useful life of the tangible capital asset.
- Annual remeasurement required, adjusting for effects of inflation or deflation.
- Exception for minority owner (<50%).

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

- Defines debt for purposes of disclosure as a liability that arises from a contractual obligation to pay cash or other assets in one or more payments to settle an amount that is fixed as of the date the obligation is established.
- Would exclude pension and OPEB liabilities, leases and accounts payable as those should be disclosed in separate notes.

2. Recent Accounting Pronouncements (continued)

- Includes capital appreciation bonds and variable rate debt.
- Additional note disclosures required for unused lines of credit, assets pledged as collateral, specific debt agreement terms.
- The pronouncement is effective starting with years ending June 30, 2019

The Hospital implemented these Statements for fiscal year ending June 30, 2019, and had no impact to their financial statements.

The GASB has recently issued the following statements, which the Hospital is assessing the impact of the implementation, if any, on its financial statements.

Statement No. 84, *Fiduciary Activities*

- Establishes criteria for reporting fiduciary activities that focuses on whether the government controls the assets and the fiduciary relationship with the beneficiaries.
- The statement describes four fiduciary funds:
  - Pension and OPEB trust funds
  - Investment trust funds
  - Private-purpose trust funds
  - Custodial funds
- Custodial funds replace agency funds for activities that are not held in trust.
- For activities for which a trust agreement exists, an investment trust fund or private purpose trust fund will be used.
- Pension funds not held in trust would be classified as custodial funds.
- The pronouncement will be effective starting with year ending June 30, 2020, and Management is still evaluating the impact of this Statement.

Statement No. 87, *Leases*

- This standard will require recognition of certain lease assets and liabilities for leases that are currently classified as operating leases.
- Eliminates the distinction between operating and capital leases - all leases will be recorded on the statement of net position/balance sheet.

2. Recent Accounting Pronouncements (continued)

- New definition of a lease - a contract that conveys the right to use another entity's nonfinancial asset for a period of time in an exchange or exchange-like transaction.
- Excludes leases that transfer ownership under a bargain purchase option or service concession arrangements that are covered by GASB Statement No. 60.
- Lessees would recognize a lease liability and an intangible right-to-use lease asset which would be amortized in a systematic and reasonable manner over the shorter of the lease term or the useful life of the underlying asset. Short-term leases are excluded.
- Lessors would recognize lease receivable and deferred inflow of resources which would be recognized as revenue in a systematic and rational manner over the term of the lease.
- The pronouncement will be effective starting with year ending June 30, 2021, and Management is still evaluating the impact of this Statement.

Statement No. 89, *Accounting for Interest Cost during Period of Construction*

- In financial statements using the economic resources measurement focus, interest incurred during construction should be recognized as an expense of the period.
- In financial statements using the current financial resources measurement focus, interest incurred during construction should be recognized as an expenditure.
- Interest cost should not be capitalized.
- Interest does not meet the definition of an asset or a deferred outflow.
- Expected effective date: Year ending June 30, 2021, and Management is still evaluating the impact of this Statement.

Statement No. 90, *Accounting and Reporting for Majority Equity Interests*

- Will report majority equity interest as an investment if it meets the definition.
- Measured using the equity method, unless held by a special-purpose government engaged only in fiduciary activities, fiduciary fund or endowment/permanent fund. These funds would utilize fair value.
- For all other majority equity interests, report as component unit and fund that holds the equity interest reports an asset using the equity method.

2. Recent Accounting Pronouncements (continued)

- Acquisition of a component unit in which government holds 100% interest would be measured using acquisition value.
- Expected effective date: Year ending June 30, 2020, and Management is still evaluating the impact of this Statement.
-

Statement No. 91, *Conduit debt obligations*

- This standard will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.
- A conduit debt obligation is defined as a debt instrument having all of the following characteristics:
    - There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
    - The issuer and the third-party obligor are not within the same financial reporting entity.
    - The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
    - The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
    - The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).
- All conduit debt obligations involve the issuer making a limited commitment.
- An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met.
- This statement also addresses arrangements-often characterized as leases-that are associated with conduit debt obligations.
- This statement requires issuers to disclose general information about their conduit debt obligations.
- Expected effective date: Year ending June 30, 2022, and Management is still evaluating the impact of this Statement.

3. Cash, Cash Equivalents, and Investments

Substantially all cash (including cash equivalents) and investments of the Hospital are under control of the Treasurer and are included in the Treasurer's investment pool. The Hospital's cash and investments generally are reported at fair value, as discussed in note 1. As of June 30, 2019 and 2018, these amounts were as follows:

	2019	2018
Clark County investment pool	$ 224,037,704	$ 225,053,378
Cash on hand	17,417	18,100
Total cash and investments	$ 224,055,121	$ 225,071,478

The Treasurer invests monies held both by individual funds and through a pooling of monies. The pooled monies, referred to as the investment pool, are invested as a whole and not as a combination of monies from each fund belonging to the pool. In this manner, the Treasurer is able to invest the monies at a higher interest rate for a longer period of time. Interest is apportioned monthly to each fund in the pool based on the average daily cash balance of the fund for the month.

According to Statutes, County monies must be deposited with federally insured banks, credit unions, or savings and loan associations within the County. The Treasurer is authorized to use demand accounts, time accounts, and certificates of deposit. Statutes do not specifically require collateral for demand deposits, but do specify that collateral for time deposits may be of the same type as those described for permissible investments. Permissible investments are similar to allowable County investments described below, except that statutes permit a longer term and include securities issued by municipalities within Nevada. The County's deposits are fully covered by federal depository insurance or collateral held by the County's agent in the County's name. The County has written custodial agreements with the various financial institutions' trust banks for demand deposits and certificates of deposit. These custodial agreements pledge securities totaling 102% of the deposits with each financial institution. The County has a written agreement with the State Treasurer for monitoring the collateral maintained by the County's depository institutions.

Due to the nature of the investment pool, it is not possible to separately identify any specific investment as being that of the Hospital. It is not feasible to allocate the level of risk to the

3. Cash, Cash Equivalents, and Investments (continued)

various component units of the County, including the Hospital, due to the co-mingling of assets in the investment pool. Details on the County investment policies including the level of risk are included in the Clark County Comprehensive Annual Financial Report. Instead, the Hospital owns a proportionate share of each investment, based on the Hospital's participation percentage in the investment pool. As of June 30, 2019 and 2018, $224,037,704 and $225,053,378 , respectively, of Hospital investments in the investment pool were as follows:

	2019		2018	
Investment Type	Allocation	Duration in Years	Allocation	Duration in Years
U.S. Treasury Obligations	30.66%	2.02	31.01%	2.28
U.S. Agencies	28.87%	3.84	26.53%	2.48
Corporate Notes	17.82%	2.21	15.71%	1.85
Negotiable Certificates of Deposit	10.07%	0.36	5.43%	0.42
Commercial Paper Discounts	7.11%	0.08	15.95%	0.24
Asset-Backed Securities	3.01%	3.95	3.11%	3.68
Money Market Funds	2.15%	-	1.34%	-
Agency CMOs	0.31%	6.05	0.22%	5.14
NV Local Gov Inv Pool	0.00%	-	0.70%	-
	100.00%		100.00%	
Average Portfolio Duration		2.11		1.71

Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's investment policy applies a prudent-person rule, which is: "In investing the County's monies, there shall be exercised the judgment and care under the circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

3. Cash, Cash Equivalents, and Investments (continued)

As of June 30, 2019 and 2018, the County's investments were rated by Standard and Poor's and Moody's Investors Service, respectively, as follows:

	2019	2018
U.S. Treasury Obligations	AA+/Aaa	AA+/Aaa
Bonds of U.S. Agencies	A-1+, AA+/Aaa, P-1, Unrated (1)	AA+/Aaa
Corporate Obligations	A- to AAA/Aaa, Aa, A	
Commercial Paper Discounts	A-1, A-1+/P-1	A-1, A-1+/P-1
Negotiable Certificates of Deposit	A-1, A-1+/P-1	A-1, A-1+/P-1
Money Market Mutual Funds	AAA/Aaa	AAA/Aaa
Asset-Backed Securities	AAA/Aaa, Unrated (2)	AAA/Aaa
Agency CMOs	AAA, AA+	AA+/Aaa
Collateralized Investment Agreements	(3)	(3)
Discount Notes of U.S. Agencies	A-1+/P-1	A-1+/P-1
Corporate Notes	(4)	(4)

(1) Unrated U.S. federal agency securities are Farmer Mac securities not rated by either Moody's or Standard & Poor's
(2) Unrated asset backed securities are rated AAA by Standard & Poor's
(3) Issued by insurance companies rated AA/Aa2, or its equivalent, or higher, or issued by entities rated A/A2, or its equivalent, or higher
(4) Issued by insurance companies rated AA-/Aa1, or its equivalent, or higher, or issued by entities rated A/A2, or its equivalent, or higher

The County investments in U.S. Treasury obligations carry no measurable credit risk because they are backed by the U.S. federal government. The State Investment Pool does not have a credit rating.

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy limits the amount that may be invested in obligations of any one issuer, except direct obligations of the U.S. government or federal agencies, to be no more than 5% of the County investment pool. At June 30, 2019 and 2018, the following investments exceeded 5% of the investment pool:

3. Cash, Cash Equivalents, and Investments (continued)

	2019		2018	
U.S.Treasury obligations	30.66	%	31.00	%
Federal Home Loan Mortgage Corporation (FHLMC)	10.74		10.90	
Federal Home Loan Bank (FHLB)	7.87		-	
Federal National Mortgage Association (FNMA)	7.30		11.60	

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. Through its investment policy, the County manages its exposure to fair value losses arising from increasing interest rates by limiting the weighted average duration of its investment portfolio to less than 2.5 years. Duration is a measure of the present value of a fixed income's cash flows and is used to estimate the sensitivity of a security's price to interest rate changes. Accordingly, the County's investment policy limits investment portfolio maturities for certain investment instruments as follows: U.S. Treasury and U.S. agencies to less than ten years; bankers' acceptances to 180 days; commercial paper to 270 days; certificates of deposit to one year; corporate notes and bonds to five years; and repurchase agreements to 90 days.

Interest Rate Sensitivity

At June 30, 2019 and 2018, the County invested in the following types of securities that have a higher sensitivity to interest rates, which represented 10% and 9%, respectively, of total investment securities.

- Callable securities are directly affected by the movement of interest rates. Callable securities allow the issuer to redeem or call a security before maturity, generally on coupon dates.

- Step-up/step-down securities have fixed rate coupons for a specific time interval that will step-up or step-down a predetermined number of basis points at scheduled coupon or other reset dates. These securities are callable one time or on their coupon dates.

- Fix-to-floating rate notes have fixed rate coupons for a specified period of time, then a variable rate coupon for the remaining life of the security. The variable rate is generally based on the three-month LIBOR plus 125 basis points. In some cases, interest rate caps are reset higher annually. These securities are callable, generally on their coupon dates.

3. Cash, Cash Equivalents, and Investments (continued)

- CPI floaters have variable rate coupons based on the Consumer Price Index Year-Over-Year index plus 114 basis points. This rate resets and pays a coupon monthly.

- Range notes have fixed rate coupons based on the three-month LIBOR staying within a range for a time period, generally one year. If the three-month LIBOR is within the predetermined range for a specified time period, the coupon rate is reset at a higher rate at periodic intervals. If the three-month LIBOR is out of the predetermined range, then coupon rate is reset to a floor rate of 1%. These securities are also callable on their coupon dates.

4. Other Receivables, Net

The Hospital has agreements with third-party payers that provide for payment of amounts different from established rates. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined. See Note 1, *Net Patient Revenue, Accounts Receivable, and Allowance for Uncollectible Accounts* for additional information. A summary of other receivables, net at June 30, follows:

	2019	2018
Third-party settlements	$ (944,786)	$ 144,571
Other (a)	36,712,901	34,212,113
	$ 35,768,115	$ 34,356,684

(a) Other includes $31 million County contribution receivable

5. Internally Designated Assets

The Hospital's internally designated assets consist of the following as of June 30:

	2019	2018
Self-insurance funds	$ 12,976,660	$ 10,481,382
Debt service funds	6,660,398	6,798,027
Capital acquisition funds	72,728,648	70,304,075
	$ 92,365,706	$ 87,583,484

6. Capital Assets

Capital asset additions, retirements, and balances for the fiscal years ended June 30, 2019 and 2018, were as follows:

2019	Beginning Balance	Additions	Retirements/ Transfers	Ending Balance
Nondepreciable capital assets:				
Land	$ 10,204,997	$ -	$ -	$ 10,204,997
Construction in progress	51,394,855	3,860,195	(42,294,123)	12,960,927
Total nondepreciable capital assets	61,599,852	3,860,195	(42,294,123)	23,165,924
Depreciable capital assets:				
Land improvements	4,685,610	105,302	-	4,790,912
Buildings and building improvements	209,530,758	5,978,991	6,986,646	222,496,395
Equipment	190,242,100	22,544,859	33,775,893	246,562,852
Furnitures and fixtures	4,361,166	491,664	-	4,852,830
Infrastructure	1,412,207	-	-	1,412,207
LVA-IT Hardware	143,391	-	-	143,391
Fixed Assets - Conversion (System)	32,273	-	(42,566)	(10,293)
Total depreciable capital assets	410,407,505	29,120,816	40,719,973	480,248,294
Less accumulated depreciation and amortization:				
Land improvements	(2,974,224)	(142,624)	-	(3,116,848)
Buildings and building improvements	(107,814,158)	(5,964,070)	79,275	(113,698,953)
Equipment	(154,874,057)	(22,111,882)	41,908	(176,944,031)
Furnitures and fixtures	(2,240,379)	(351,041)	-	(2,591,420)
Infrastructure	(124,823)	(71,263)	-	(196,086)
LVA-IT Hardware	(143,391)	-	-	(143,391)
	(268,171,032)	(28,640,880)	121,183	(296,690,729)
Total depreciable capital assets, net	142,236,473	479,936	40,841,156	183,557,565
Total capital assets, net	$ 203,836,325	$ 4,340,131	$ (1,452,967)	$ 206,723,489

6. Capital Assets (continued)

2018	Beginning Balance	Additions	Retirements/ Transfers	Ending Balance
Nondepreciable capital assets:				
Land	$ 10,204,997	$ -	$ -	$ 10,204,997
Construction in progress	22,715,510	28,679,345	-	51,394,855
Total nondepreciable capital assets	32,920,507	28,679,345	-	61,599,852
Depreciable capital assets:				
Land improvements	4,685,610	-	-	4,685,610
Buildings and building improvements	205,960,465	3,809,417	(239,124)	209,530,758
Equipment	177,612,220	13,046,160	(416,280)	190,242,100
Furnitures and fixtures	3,697,868	663,298	-	4,361,166
Infrastructure	1,387,409	24,798	-	1,412,207
LVA-IT Hardware	143,391	-	-	143,391
Fixed Assets - Conversion (System)	233,210		(200,937)	32,273
Total depreciable capital assets	393,720,173	17,543,673	(856,341)	410,407,505
Less accumulated depreciation and amortization:				
Land improvements	(2,836,287)	(137,937)	-	(2,974,224)
Buildings and building improvements	(102,780,332)	(5,039,391)	5,565	(107,814,158)
Equipment	(140,674,126)	(14,223,611)	23,680	(154,874,057)
Furnitures and fixtures	(1,962,575)	(277,804)	-	(2,240,379)
Infrastructure	(53,974)	(70,849)	-	(124,823)
LVA-IT Hardware	(143,391)	-	-	(143,391)
	(248,450,685)	(19,749,592)	29,245	(268,171,032)
Total depreciable capital assets, net	145,269,488	(2,205,919)	(827,096)	142,236,473
Total capital assets, net	$ 178,189,995	$ 26,473,426	$ (827,096)	$ 203,836,325

Capitalized interest is part of the cost of buildings and building improvements and construction in progress. No capitalized interest was recorded for fiscal 2019 and 2018.

Estimated costs to complete the construction in progress are approximately $2.3 million as of June 30, 2019.

7. Long-term Debt

The Hospital's long-term debt consists of the following as of June 30:

	2019				
	Beginning Balance	Additions	Payments/ Reductions	Ending Balance	Due Within One Year
Clark County, Nevada General Obligation Hospital Refunding Bonds, Series 2013	$ 25,435,000	$ -	$ (170,000)	$ 25,265,000	$ 175,000
Clark County, Nevada General Obligation Hospital Refunding Bonds, Series 2014	11,988,000	-	(5,937,000)	6,051,000	6,051,000
Long-term debt	$ 37,423,000	-	$ (6,107,000)	$ 31,316,000	$ 6,226,000

	2018				
	Beginning Balance	Additions	Payments/ Reductions	Ending Balance	Due Within One Year
Clark County, Nevada General Obligation Hospital Refunding Bonds, Series 2013	$ 25,600,000	$ -	$ (165,000)	$ 25,435,000	$ 170,000
Clark County, Nevada General Obligation Hospital Refunding Bonds, Series 2014	17,840,000	-	(5,852,000)	11,988,000	5,937,000
Clark County, Nevada General Obligation Medium-Term Hospital Refunding Bonds, Series 2009	1,285,000	-	(1,285,000)	-	-
	44,725,000	-	(7,302,000)	37,423,000	6,107,000
Unamortized premium	5,283		(5,283)	-	-
Long-term debt	$ 44,730,283	$ -	$ (7,307,283)	$ 37,423,000	$ 6,107,000

7. Long-term Debt (continued)

On July 28, 2005, Clark County, Nevada issued $48,390,000 in General Obligation (Limited Tax) Hospital Refunding Bonds (the 2005 Bonds) with interest rates of 4.0% to 5.0%, which are collateralized with pledged gross revenues. The proceeds of the bonds were used to: (i) refund $47,875,000 aggregate principal amount of the County's General Obligation (Limited Tax) Hospital Bonds, Series 2000; and (ii) pay the costs of issuing the 2005 Bonds. As a result, the previously outstanding refunded bonds are considered to be defeased and the liabilities for those bonds have been extinguished with the exception of $8,750,000 left outstanding. The aggregate difference in debt service between the refunded debt and the refunding debt was $3,867,842. As a result of the advance refunding, the Hospital reduced its total debt service requirements by $3,870,776 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $2,883,595. The 2005 Bonds were sold at a premium of $4,338,966. In addition, the issuance of the 2005 Bonds resulted in a loss on defeasance of $4,738,038. Both the loss on defeasance and the premium are being amortized over the life of the new bonds. Principal and interest for the 2005 Bonds is due semiannually on March 1st and September 1st. All required payments on the bonds are guaranteed by Clark County, Nevada in the event that the Hospital is unable to make required payments. This Bond was refunded completely on December 1, 2014 by the Clark County, Nevada General Obligation Refunding Bonds, Series 2014.

On September 9, 2013, Clark County, Nevada issued $26,065,000 in General Obligation (Limited Tax) Hospital Refunding Bonds (the 2013 Bonds) with an interest rate of 3.10%, which are collateralized with pledge gross revenues. The proceeds of the bonds were used to: (i) refund $8,585,000 aggregate principle amount of the County's General Obligation Hospital Improvement and Refunding Bonds, Series 2003; (ii) refund $17,920,000 aggregate principle amount of the County's General Obligation Hospital Refunding Bonds, Series 2007; (iii) pay the cost of issuing the 2013 Bonds. As a result, the previously outstanding refunded bonds are considered to be defeased and the liabilities for those bonds have been extinguished. The aggregate difference in debt service between the refunded debt and the refunding debt was $125,000. As a result of the advance refunding, the Hospital reduced its total debt service requirements by $2,884,644 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $2,455,999. The issuance of the 2013 Bonds resulted in a deferred loss of $513,998, which will be amortized over the life of the new bonds. Principal and interest of the 2013 Bonds are due semiannually on March 1st and September 1st. All required payments on the bonds are guaranteed by Clark County, Nevada in the event that the Hospital is unable to make required payments. The Bonds mature in fiscal 2024.

7. Long-term Debt (continued)

On December 1, 2014 Clark County, Nevada issued a $29,374,000 in General Obligation (Limited Tax) Hospital Refunding Bonds (the 2014 Bonds) with an interest rate of 2%, which are collateralized with pledge gross revenues. The proceeds of the bonds were used to: (i) refund $28,910,000 aggregate principle amount of the County's General Obligation Hospital Refunding Bonds, Series 2005; (ii) pay the cost of issuing the 2014 Bonds. As a result, the previously outstanding refunding bonds are considered to be defeased and the liabilities for those bonds have been extinguished. The aggregate difference in debt service between the refunded debt and the refunding debt was $464,000. As a result of the advance refunding, the Hospital reduced its total debt service requirements by $2,928,894, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $2,813,256. The issuance of the 2014 Bonds resulted in a deferred loss of $515,036, which will be amortized over the life of the new bonds. Principal and interest of the 2014 Bonds are due semiannually on March 1st and September 1st. All required payments on the bonds are guaranteed by Clark County, Nevada in the event the Hospital is unable to make required payments. The Bonds mature in fiscal 2020.

On March 10, 2009, Clark County, Nevada issued $6,950,000 in General Obligation (Limited Tax) Medium-Term Bonds (the 2009 Bonds) with an interest rate of 3.00%, which are collateralized with pledged gross revenues. The proceeds of the bonds were used to: (i) refund $6,990,000 aggregate principal amount of the County's General Obligation (Limited Tax) Medium-Term, Series 2007 bonds; and (ii) pay the cost of issuing the 2009 Bonds. As a result, the previously outstanding refunded bonds are considered to be defeased and the liabilities for those bonds have been extinguished. The aggregate difference in debt service between the refunded debt and the refunding debt was $322,255. The economic gain on the transaction was $301,798. The 2009 Bonds were sold at a premium of $137,371. In addition, the issuance of the 2009 Bonds resulted in a deferred loss of $45,733. Both the loss on defeasance and the premium are being amortized over the life of the new bonds. Principal and interest for the 2009 Bonds are due semiannually on May 1st and November 1st. All required payments on the bonds are guaranteed by Clark County, Nevada in the event that the Hospital is unable to make required payments. The 2009 Bonds matured in 2018 and were paid off.

The Hospital's general obligation bond ordinances contain the usual and customary covenants associated with such bonds. Management believes it is in compliance with all such covenants.

The Tax Reform Act of 1986 imposes an arbitrage rebate requirement with respect to bonds issued by the County. Under this act, an amount may be required to be rebated to the United

7. Long-term Debt (continued)

States Treasury, so that all interest on the bonds qualifies for exclusion from gross income for federal income tax purposes. The Hospital is current on all required arbitrage payments. As of June 30, 2019 and 2018, there is no estimated potential arbitrage liability.

Scheduled principal and interest payments required to maturity on long-term debt at June 30, 2019, were as follows:

	Principal	Interest	Total
2020	$ 6,226,000	$ 901,523	$ 7,127,523
2021	5,985,000	685,022	6,670,022
2022	6,170,000	496,620	6,666,620
2023	6,370,000	302,250	6,672,250
2024	6,565,000	101,758	6,666,758
	$ 31,316,000	$ 2,487,173	$ 33,803,173

8. Other long-term Liabilities

Leases

The Hospital has operating leases primarily consisting of real property leases for off-campus outpatient clinic and business office facilities as well as medical and office equipment used in Hospital operations. Certain property leases contain initial and renewal terms providing for predetermined inflation factors for fixed rents. In addition, several property leases require the Hospital to pay other occupancy costs such as common area maintenance and utilities.

Total rent expense under all leases was $8,701,541 and $8,304,601 in fiscal 2019 and 2018, respectively. Subject to the following paragraph, minimum rental commitments under operating leases extending beyond June 30, 2019, were as follows:

FY 2020	$	7,632,931
FY 2021		6,486,679
FY 2022		4,743,873
FY 2023		3,215,137
FY 2024		2,792,388
FY 2025 - 2029		4,491,337
Total	$	29,362,345

In the Hospital's lease agreements, there is a "fiscal fund out clause." Under the "fiscal fund out clause," the respective agreement shall terminate and the Hospital's obligations under it shall be extinguished at the end of any of the Hospital's fiscal years in which the Hospital's governing body fails to appropriate monies for the ensuing fiscal year sufficient for the payment of all amounts which could then become due under the agreement. The Hospital agrees that the "fiscal fund out clause" shall not be utilized as a subterfuge or in a discriminatory fashion as it relates to lease agreements. In the event this section is invoked, the lease agreements will expire on June 30 of the then current fiscal year. Termination under this section shall not relieve the Hospital of its obligations incurred through June 30 of the fiscal year for which monies were appropriated.

Liability Insurance

The Hospital is exposed to various risks of loss related to theft of, damage to and destruction of assets, errors and omissions, injuries to employees and patients, and natural disasters. These risks are covered by the Hospital's self-insured professional and general liability insurance policy, commercial insurance purchased from independent third parties, and the County's worker's compensation program. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

8. Other long-term Liabilities (continued)

On January 20, 1987, the Board approved self-insured professional and general liability and workers' compensation insurance programs. In lieu of maintaining insurance coverage, the Board created the professional and general liability fund and the workers' compensation fund. The Hospital has accrued an undiscounted liability for estimated future settlements and claims losses for professional liability, general liability, and workers' compensation using its best estimate of these losses in accordance with actuarially determined amounts. Included in internally designated restricted assets, the Hospital has funded $12,976,660 and $10,481,382 at June 30, 2019 and 2018, of the accrued liability of $10,706,601 and $8,481,788, respectively. In the opinion of management, there are no claims or lawsuits asserted or unasserted that would not be adequately covered by insurance and/or the professional and general liability accrual.

A summary of changes in the self-insurance liability during fiscal 2019 and 2018 were as follows:

2019

	Beginning Balance	Claims Incurred/ Changes in Estimates	Claims Paid	Ending Balance	Due Within One Year
Professional liability	$ 8,481,788	$ 6,860,058	$ (4,635,245)	$ 10,706,601	$ 2,633,476
Workers' compensation	3,406,076	3,008,982	(1,725,104)	4,689,954	3,277,954
	$ 11,887,864	$ 9,869,040	$ (6,360,349)	$ 15,396,555	$ 5,911,430

2018

	Beginning Balance	Claims Incurred/ Changes in Estimates	Claims Paid	Ending Balance	Due Within One Year
Professional liability	$ 8,326,969	$ 610,963	$ (456,144)	$ 8,481,788	$ 2,014,460
Workers' compensation	3,144,498	2,599,290	(2,337,712)	3,406,076	1,994,076
	$ 11,471,467	$ 3,210,253	$ (2,793,856)	$ 11,887,864	$ 4,008,536

9. Related Party Transactions

The Hospital receives payments from the County under a contractual arrangement to provide care for qualifying indigent and emergency care. For the years ended June 30, 2019 and 2018, the Hospital received $3,141,136 and $2,685,881, respectively, for such care. Amounts received for qualifying indigent and emergency care are included in net patient revenues in the fiscal year the services are rendered.

The County charges for legal and financial services provided to the Hospital. The Hospital recorded costs of $827,044 and $951,690 for these services during fiscal 2019 and 2018, respectively. At June 30, 2019 and 2018, there were no non-interest bearing amounts due to the County for such services.

The Hospital is billed by the County for its portion of self-insurance premiums for health, dental, and vision insurance. Since the Hospital is affiliated with the County, this liability is reported in the due to related party line on the statement of net position.

A summary of changes in related party liability balances during fiscal 2019 and 2018 follows:

2019	Beginning Balance	Additions	Reductions	Ending Balance
Current liabilities				
Clark County Worker's Compensation	$ 1,082,342	$ 2,639,782	$ (2,400,000)	$ 1,322,124
Clark County Automotive	-	81,844	(81,844)	-
Clark County Enterprise/Physical	232,547	105,841	(133,145)	205,243
Clark County Treasurer	20,537	693,807	(713,813)	531
Clark County Self-Funded	4,724,221	28,357,630	(31,244,856)	1,836,995
	$ 6,059,647	$ 31,878,904	$ (34,573,658)	$ 3,364,893

2018	Beginning Balance	Additions	Reductions	Ending Balance
Current liabilities				
Clark County Worker's Compensation	$ 295,809	$ 3,186,533	$ (2,400,000)	$ 1,082,342
Clark County Automotive	12,740	61,656	(74,396)	-
Clark County Enterprise/Physical	-	232,547	-	232,547
Clark County Treasurer	143,509	699,871	(822,843)	20,537
Clark County Self-Funded	2,949,259	32,541,651	(30,766,689)	4,724,221
	$ 3,401,317	$ 36,722,258	$ (34,063,928)	$ 6,059,647

10. Employee Benefits Plans

Retirement Plan

Substantially all of the Hospital's employees are participants in a retirement plan (the Plan) that is part of the Public Employees' Retirement System (PERS) for public employees in the State. The Plan was established on July 1, 1948, by the Legislature and is governed by the Public Employees' Retirement Board whose seven members are appointed by the Governor. All public employees who meet certain eligibility requirements may participate in the Plan. The Plan is a cost sharing, multiple-employer, defined benefit plan of PERS.

The Hospital does not exercise any control over the Plan and NRS 286.110 states, "Respective participating public employers are not liable for any obligation of the system." Benefits, as required by State Statute, are determined by the number of years of credited service at the time of retirement and the participants' highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under the Plan include pension benefits, disability benefits, and death benefits.

Monthly benefit allowances for regular participants are computed at 2.25% (on or after July 1, 2015), 2.5% (January 1, 2010 – June 30, 2015), 2.67% (July 1, 2001 – December 31, 2009), and 2.5% (prior to July 1, 2001) of average compensation (average of 36 consecutive months of highest compensation) for each credited year of service prior to retirement up to a maximum of 90% of the average compensation for employees entering the system prior to July 1, 1985, and 75% for those entering after that date. The Plan offers several alternatives to the unmodified service retirement benefit which, in general, allows the retired employee to accept a reduced service retirement benefit payable monthly during the employee's life and various optional monthly payments to a named beneficiary after the employee's death. Regular members entering the system prior to January 1, 2010 are eligible for retirement benefits at age 65 with 5 years of service, at age 60 with 10 years of service or at any age with 30 years of service. Regular members entering the system on or after January 1, 2010 are eligible for retirement benefits at age 65 with 5 years of service, or age 62 with 10 years of service or at any age with 30 years of service. Regular members entering the system on or after July 1, 2015 are eligible for retirement benefits at age 65 with 5 years of service, at age 62 with 10 years of service or at age 55 with 30 years of service or at any age with 33 1/3 years of service.

NRS 286.410 establishes the required contribution rates and provides for yearly increases until such time as the actuarially determined unfunded liability of the Plan is reduced to zero. The Hospital is obligated to contribute all amounts due under the Plan. The contribution rate, based on covered payroll, was 28% for each of three years ended June 30, 2019, 2018, and 2017.

10. Employee Benefits Plans (continued)

The Hospital's contributions to the Plan for the years ended June 30, 2019, 2018, and 2017, were $73,884,260, $70,053,451, and $63,635,910, respectively, and were equal to the required contributions for each fiscal year. At June 30, 2019, 2018, and 2017, accrued expenses include $9,331,094, $8,675,374, and $7,829,826, respectively, due to PERS.

An annual report containing financial statements and required information for the Plan may be obtained by writing to PERS, 693 West Nye Lane, Carson City, Nevada 89703-1599 or by calling (775) 687-4200.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities

At June 30, 2019, the Hospital reported a liability of $512,951,016 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Hospital's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At June 20, 2018, the Hospital's proportion was 3.76 percent.

At June 30, 2018, the Hospital reported a liability of $476,011,834 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Hospital's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At June 20, 2017, the Hospital's proportion was 3.58 percent.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the Hospital recognized pension expense of $37,992,154. At June 30, 2019, the Hospital reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

10. Employee Benefits Plans (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 27,029,272	$ -
Changes in proportion	29,735,065	6,662,620
Differences between expected and actual experience	16,069,320	23,809,733
Net difference between projected and actual investment earnings on pension plan investments	-	2,442,146
Hospital contributions subsequent to the measurement date	36,785,295	-
Total	$ 109,618,952	$ 32,914,499

$36,785,295, reported as deferred outflows of resources related to pensions resulting from Hospital employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Amount
2020	$ 15,235,545
2021	6,621,668
2022	(3,378,786)
2023	10,299,901
2024	9,612,753
Thereafter	1,528,077
	$ 39,919,158

10. Employee Benefits Plans (continued)

Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.75%
Payroll Growth	5.00%, including inflation
Investment Rate of Return	7.50%
Productivity pay increase	0.5%
Projected salary increases	Regular: 4.25% to 9.15%, depending on service, Rates include inflation and productivity increases
Consumer Price Index	2.75%
Other assumptions	Same as those used in the June 30, 2018 funding Actuarial valuation

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of the experience review completed in 2018.

The discount rate used to measure the total pensions liability was 7.50% and 7.50% as of June 30, 2018 and June 30, 2017, respectively. The projection of cash flow used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on the assumption, the pensions plans' fiduciary net position at June 30, 2018, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2018 and June 30, 2017.

The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

10. Employee Benefits Plans (continued)

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return*
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	28%	0.25%
Private Markets	12%	6.80%
Total	**100%**	

*As of June 30, 2018, PERS' long-term inflation assumption was 2.75%

Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the Hospital as of June 30, 2019, calculated using the discount rate of 7.50%, as well as what the Hospital's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current discount rate:

	1% Lower (6.50%)	Discount Rate (7.50%)	1% Higher (8.50%)
Hospital's proportionate share of the net pension liability	$ 782,668,037	$ 512,951,016	$ 289,634,744

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website (www.nvpers.org).

Deferred Compensation Plan

The Hospital offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Hospital does not exercise any control over the assets of the deferred compensation plan. The deferred compensation plan, available to all Hospital

10. Employee Benefits Plans (continued)

employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Postemployment Benefits Other Than Pensions (OPEB)

Plan Description: The Hospital subsidizes eligible retirees' contributions to the Public Employees' Benefits Plan (PEBP), a non-trust, agent multiple-employer defined benefit postemployment healthcare plan administered by the State of Nevada. NRS 287.041 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees. The plan is now closed to future retirees, however, district employees who previously met the eligibility requirement for retirement within the Nevada Public Employee Retirement System had the option upon retirement to enroll in coverage under the PEBP with a subsidy provided by the Health District as determined by their number of years of service. The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employee's Benefits Program, 901 S. Stewart Street, Suite 1001, Carson City, NV, 89701, by calling (775) 684-7000, or by accessing the website at www.pebp.state.nv.us/informed/financial.htm.

The Retiree Health Program Plan (RHPP) is a non-trust, single-employer defined benefit postemployment healthcare plan administered by Clark County, Nevada. Retirees may choose between Clark County Self-Funded Group Medical and Dental Benefits Plan (Self-Funded Plan) and a health maintenance organization (HMO) plan.

Benefits Provided

PEBP plan provides medical, dental, prescription drug, Medicare Part B, and life insurance coverage to eligible retirees and their spouses. Benefits are provided through a third-party insurer. RHPP provides medical, dental, prescription drug, and life insurance coverage to eligible active and retired employees and beneficiaries. Benefit provisions are established and amended through negotiations between the respective unions and the Health District.

Employees Covered by Benefit Terms

At June 30, 2019, the following employees were covered by the benefit terms:

10. Employee Benefits Plans (continued)

	PEBP	RHPP	Total all Plans
Inactive employees or beneficiaries currently receiving benefit payments	241	530	771
Active employees	-	3,339	3,339
Covered spouses	-	136	136
Total	241	3,869	4,110

As of November 1, 2008, PEBP was closed to any new participants.

Total OPEB Liability

The Hospital total OPEB liability of $155,914,090 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs: The total OPEB liability for all plans as of June 30, 2019 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Medical Consumer Price Index	Chained-CPI of 2.0% per annum
Salary increases	3.0% per annum
Discount rate	3.58% per annum (BOY) 3.87% per annum (EOY) Source: Bond Buyer 20-Bond GO index
Healthcare cost trend rates	4.5%, ultimate
Retirees' share of benefit-related costs	0% to 100% of premium amounts based on years of service

The discount rate was based on Bond Buyer 20-Bond GO Index.

10. Employee Benefits Plans (continued)

Post-Retirement Mortality Rates:

RP-2014 generational table, back-projected to 2006, then scaled using MP-2018, applied on a gender-specific basis.

Key Assumption Changes Since the Prior Valuation

- The discount rate was updated based on the municipal bond rate as of June 30, 2018
- The termination rates and retirement rates were updated based on the 2018 Nevada PERS Actuarial Valuation results.
- The marriage assumption was updated to reflect the most recent participant experience.
- Aging factors were updated based on the 2013 Society of Actuaries study.
- The mortality tables were updated to utilize the RP 2014 with the MP-2018 improvement scales (previously the RP 2000 with AA scaling static improvements was utilized).
- The salary scale assumption was updated to 3.0%.

Changes in the Total OPEB Liability

	PEBP	RHPP	Total OPEB Liability
Balance recognized at June 30, 2018	$ 24,155,955	$ 252,674,005	$ 276,829,960
Changes Recognized for the Fiscal Year			
Service Cost	-	17,486,880	17,486,880
Interest cost	837,289	9,615,301	10,452,590
Differences between expected and actual experience	(6,654)	(116,492,033)	(116,498,687)
Changes in assumptions or other inputs	(4,153,809)	(24,138,375)	(28,292,184)
Benefit payments	(910,344)	(3,154,125)	(4,064,469)
Net Changes	(4,233,518)	(116,682,352)	(120,915,870)
Balance recognized at June 30, 2019	$ 19,922,437	$ 135,991,653	$ 155,914,090

10. Employee Benefits Plans (continued)

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Hospital, as well as what the Hospital's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1 percentage point higher (4.87 percent) than the current discount rate:

	1% Decrease 2.87%	Discount Rate 3.87%	1% Increase 4.87%
PEBP	$ 22,804,000	$ 19,922,437	$ 17,578,000
RHPP	165,123,000	135,991,653	113,430,000
Total OPEB Liability	$ 187,927,000	$ 155,914,090	$ 131,008,000

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Hospital, as well as what the Hospital's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1- percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend	1% Increase
PEBP	$ 17,659,000	$ 19,922,437	$ 22,640,000
RHPP	110,662,000	135,991,653	169,880,000
Total OPEB Liability	$ 128,321,000	$ 155,914,090	$ 192,520,000

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

For the year ended June 30, 2019, the Hospital recognized OPEB expense of $9,356,658. The breakdown by plan is as follows:

	PEBP	RHPP	Total OPEB Total All plans
OPEB Expense	$ (3,323,174)	$ 12,679,832	$ 9,356,658

10. Employee Benefits Plans (continued)

At June 30, 2019, the Hospital reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
PEBP			
	Contributions made in fiscal year ending 2019 after July 1, 2018 measurement date	$ 838,318	$ -
Total PEBP		$ 838,318	$ -
RHPP			
	Differences between expected and actual experience	$ 67,659	$ 108,112,730
	Changes of assumptions or other inputs	-	49,334,955
	Contributions made in fiscal year ending 2019 after July 1, 2018 measurement date	5,236,733	-
Total RHPP		$ 5,304,392	$ 157,447,685
Total All Plans			
	Differences between expected and actual experience	$ 67,659	$ 108,112,730
	Changes of assumptions or other inputs	-	49,334,955
	Contributions made in fiscal year ending 2019 after July 1, 2018 measurement date	6,075,051	-
Total All Plans		$ 6,142,710	$ 157,447,685

The amount of $6,075,051 was reported as deferred outflows of resources related to OPEB from Hospital contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year ending June 30,	RHPP
2020	$ (14,422,349)
2021	(14,422,349)
2022	(14,422,349)
2023	(14,422,349)
2024	(14,422,349)
Thereafter	(85,268,280)
	$ (157,380,025)

11. Commitments and Contingencies

Litigation

The Hospital is involved in litigation and regulatory investigations arising in the ordinary course of business. The Hospital does not accrue for estimated future legal and defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters, but rather records such as period costs when services are rendered.

Affordable Care Act

The Patient Protection and Affordable Care Act ("PPACA") has made significant changes to the United States health care system. The legislation impacted multiple aspects of the health care system, including many provisions that change payments from Medicare, Medicaid and insurance companies. Under this legislation, 33 states have expanded their Medicaid programs to cover previously uninsured childless adults, and four additional states voted in 2018 to expand Medicaid or to elect a governor that pledged to expand Medicaid. In addition, many uninsured individuals have had the opportunity to purchase health insurance via state-based marketplaces, state-based marketplaces using a federal platform, state-partnership marketplaces or the federally-facilitated marketplace. PPACA also implemented a number of health insurance market reforms, such as allowing children to remain on their parents' health insurance until age 26 or prohibiting certain plans from denying coverage based on pre-existing conditions. Nationally, these reforms have reduced the number of uninsured individuals.

It is unclear what changes may be made to PPACA with the divided Congress, current presidential administration, and pending litigation over the validity of PPACA. The Administration has promulgated rules to broaden the availability of coverage options that do not comply with the full range of PPACA requirements for individual market coverage, namely Association Health Plans and Short-Term Limited-Duration Insurance. The Administration has also provided additional guidance on state PPACA waivers. These executive actions have been or may be challenged in court. In addition, the Tax Cuts and Jobs Act ("TCJA"), passed in December 2017, eliminates the individual mandate penalty under PPACA, effective January 1, 2019. The individual mandate penalty was included in PPACA to address concerns that other market reforms expanding access to coverage might produce adverse selection and higher premiums. The extent to which the repeal of the individual mandate penalty will impact the uninsured rate and 2019 premiums is unclear at this juncture. On December 14, 2018, the United States District Court for the Northern District of Texas ruled that the individual mandate without the penalty is unconstitutional and that PPACA is therefore invalid in its entirety. Litigation on this issue is ongoing, with the Administration indicating it will continue implementing PPACA pending any appeals, the court ordering expedited briefing on a potential stay and certification of an interlocutory appeal, and pending litigation in the United States District Court for the District of Maryland to ensure continued

11. Commitments and Contingencies (continued)

implementation of PPACA. This litigation along with any future legislative changes to PPACA or other federal and state legislation could have a material impact on the operations of the Company. The Company is continuing to monitor the legislative environment and developments in pending litigation for risks and uncertainties.

HIPAA

The Health Insurance Portability and Accountability Act ("HIPAA") was enacted on August 21, 1996, to assure health insurance portability, reduce healthcare fraud and abuse, guarantee security and privacy of health information, and enforce standards for health information. Effective August 2009, the Health Information Technology for Economic and Clinical Health Act ("HITECH Act") was introduced imposing notification requirements in the event of certain security breaches relating to protected health information. Organizations are subject to significant fines and penalties if found not to be compliant with the provisions outlined in these laws and accompanying regulations.

UNIVERSITY MEDICAL CENTER OF SOUTHERN NEVADA
(A COMPONENT UNIT OF CLARK COUNTY, NEVADA)

Employee Benefit Retirement Plan
Net Pension Liability
Required Supplementary Information

Schedule of the Hospital's Proportinate Share of the Net Pension Liability
Public Employees' Retirement System of Nevada
(Amounts Were Determined as of 6/30 of Each Prior Fiscal Year)*

	2019	2018	2017	2016	2015
Hospital's proportion of net pension liability (%)	3.76%	3.58%	3.49%	3.47%	3.60%
Hospital's proportionate share of net pension liability	$ 512,951,016	$ 476,011,834	$ 469,010,768	$ 397,580,372	$ 375,191,289
Hospital's covered-employee payroll	$ 264,122,683	$ 250,244,531	$ 230,360,225	$ 213,368,871	$ 208,421,960
Hospital's proportionate share of net pension liability as a percentage of its covered-employee payroll	194.21%	190.22%	203.60%	186.33%	180.02%
Plan fiduciary net position as a percentage of total pension liability	75.24%	74.40%	72.20%	75.10%	76.30%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is complied, Hospital should present information for those years for which information is available.

* The amounts are determined from the prior fiscal year for the current reporting year.

UNIVERSITY MEDICAL CENTER OF SOUTHERN NEVADA
(A COMPONENT UNIT OF CLARK COUNTY, NEVADA)

Employee Benefit Retirement Plan
Net Pension Liability
Required Supplementary Information

Schedule of Hospital's Contributions
Public Employees' Retirement System of Nevada
(Amounts Were Determined as of 6/30 Prior Fiscal Year)

	2019	2018	2017	2016	2015
Statutorily required contributions	$ 36,785,296	$ 35,026,725	$ 31,952,786	$ 59,262,299	$ 53,667,927
Contributions in relations to statutorily required contributions	$ 36,785,296	$ 35,026,725	$ 31,952,786	$ 59,262,299	$ 53,667,927
Contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Hospital's covered-employee payroll	$ 264,122,683	$ 250,244,531	$ 230,360,225	$ 213,368,871	$ 208,421,960
Contributions as a percentage of covered-employee payroll	13.93%	14.00%	13.87%	27.77%	25.75%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, Hospital should present information for those years for which information is available.

Employee Benefit Retirement Plan
Note to Required Supplementary Information

Changes of benefit terms: There were no changes of benefit terms in 2019.

Changes of assumptions: There were no changes of benefit assumptions in 2019.

UNIVERSITY MEDICAL CENTER OF SOUTHERN NEVADA
(A COMPONENT UNIT OF CLARK COUNTY, NEVADA)

Other Postemployment Benefits
Required Supplementary Information

Schedules of Changes in the Total OPEB Liability and Related Ratios
For the Year Ended June 30 of Each Peior Fiscal Year

PEBP Plan

	2019	2018
Total OPEB Liability		
Service cost	$ -	$ -
Interest	837,289	752,369
Changes of benefit terms	-	-
Difference between actual and expected experience	(6,654)	50,232
Changes of assumptions or other inputs	(4,153,809)	(2,555,531)
Benefit payments	(910,344)	(943,003)
Net Change in Total OPEB Liability	(4,233,518)	(2,695,933)
Total OPEB Liability - Beginning	24,155,955	26,851,888
Total OPEB Liabilitiy - Ending	$ 19,922,437	$ 24,155,955
Covered Payroll	N/A	N/A
Total OPEB Liability as a Percentage of Covered Payroll	N/A	N/A

RHPP

	2019	2018
Total OPEB Liability		
Service cost	$ 17,486,880	$ 18,335,102
Interest	9,615,301	8,032,804
Changes of benefit terms	-	-
Difference between actual and expected experience	(116,492,033)	5,259
Changes of assumptions or other inputs	(24,138,375)	(35,408,967)
Benefit payments	(3,154,125)	(3,220,455)
Net Change in Total OPEB Liability	(116,682,352)	(12,256,257)
Total OPEB Liability - Beginning	252,674,005	264,930,262
Total OPEB Liabilitiy - Ending	$ 135,991,653	$ 252,674,005
Covered Payroll	$ 231,341,937	$ 231,533,548
Total OPEB Liability as a Percentage of Covered Payroll	59%	109%

As it becomes available this schedule will ultimately present information for the ten most recent fiscal years.
See notes to required Supplementary information

Other Postemployment Benefits
Note to Required Supplementary Information

There are no assets accumulated in a trust to pay related benefits.

Changes of Assumptions

The $4,153,809 and $24,138,375 decrease in the liability of PEBP Plan and RHPP from June 30, 2018 is due to following key assumption changes:

- The discount rate was updated based on the municipal bond rate as of June 30, 2018.
- The termination rates and retirement rates were updated based on the 2018 Nevada PERS Actuarial Valuation results.
- The marriage assumption was updated to reflect the most recent participant experience.
- Aging factors were updated based on the 2013 Society of Actuaries study.
- The mortality tables were updated to utilize the RP 2014 with the MP-2018 improvement scales (previously the RP 2000 with AA scaling static improvements was utilized).
- The salary scale assumption was updated to 3.0%.

Tel: 702-784-0000
Fax: 702-784-0161
www.bdo.com

6671 Las Vegas Blvd. South, Suite 200
Las Vegas, NV 89119

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

UMC Governing Board
University Medical Center of Southern Nevada
Las Vegas, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the University Medical Center of Southern Nevada ("UMC"), a component unit of Clark County, Nevada, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise UMC's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 12, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered UMC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of UMC's internal control. Accordingly, we do not express an opinion on the effectiveness of UMC's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of UMC's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether UMC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of UMC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UMC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

Las Vegas, Nevada
November 12, 2019

Tel: 702-784-0000
Fax: 702-784-0161
www.bdo.com

6671 Las Vegas Blvd. South, Suite 200
Las Vegas, NV 89119

Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

UMC Governing Board
University Medical Center of Southern Nevada
Las Vegas, Nevada

Report on Compliance for Each Major Federal Program

We have audited the University Medical Center of Southern Nevada ("UMC"), a component unit of Clark County, Nevada compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of UMC's major federal programs for the year ended June 30, 2019. UMC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of UMC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about UMC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of UMC's compliance.

Opinion on Each Major Federal Program

In our opinion, UMC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of UMC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered UMC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of UMC's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Las Vegas, Nevada
November 12, 2019

UNIVERSITY MEDICAL CENTER OF SOUTHERN NEVADA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services				
Department of Health and Human Services Direct Programs:				
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease (04/01/2018 - 03/31/2019)	**93.918**	H76HA00166-20-00	$ -	$703,122
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease (04/01/2019 - 03/31/2020)	**93.918**	H76HA00166-20-00	-	115,310
Grant to Provide Capacity Careware Funding with Respect to HIV Disease (04/01/2019 – 03/31/2020)	**93.918**	P06HA32349-01-01	-	3,377
Pass-through programs from Clark County, Nevada				
HIV Emergency Relief Project Grants (03/01/2018 - 02/28/2019)	**93.914**	2H89HA06900	-	1,046,870
HIV Emergency Relief Project Grants (03/01/2019 - 02/28/2020)	**93.914**	2H89HA06900	-	268,928
Total U.S. Department of Health and Human Services			**-**	**2,137,607**
Total Expenditures of Federal Awards			**$ -**	**$ 2,137,607**

See accompanying notes.

UNIVERSITY MEDICAL CENTER OF SOUTHERN NEVADA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

1. Reporting Entity

Hospital is a blended component unit (enterprise fund) of, owned and operated by, Clark County, Nevada (the County). The reporting entity is defined in Note 1 to the financial statements. The accompanying schedule includes federal financial assistance received directly from federal agencies as well as passed through other government agencies.

2. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of UMC under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in the financial statements. Because the Schedule presents only a selected portion of the operations of UMC, it is not intended to and does not present the financial position, changes in net position or cash flows of UMC.

3. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. UMC has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. Pass-through entity identifying numbers are presented where available.

UNIVERSITY MEDICAL CENTER OF SOUTHERN NEVADA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal program:	
Material weakness(es) identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major federal program	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal program:

CFDA Number	*Name of Federal Program or Cluster*
93.914	HIV Emergency Relief Project Grants

Dollar threshold used to distinguish between type A and type B programs	$750,000
Auditee qualified as low-risk auditee?	Yes

UNIVERSITY MEDICAL CENTER OF SOUTHERN NEVADA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.