



**TO:** SOUTHERN NEVADA DISTRICT BOARD OF HEALTH      **DATE:** July 28, 2016




**RE:** *Approval of Dissolution of the Southern Nevada Health District Proprietary Fund*

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### **PETITION # 29-16**

**That the Southern Nevada District Board of Health** *approves dissolution of the Proprietary Fund and its enabling Resolution #01-04 for the Southern Nevada Public Health Laboratory effective July 1, 2016, equity transferred to the General Fund.*

### **PETITIONERS:**

**Sharon L. McCoy-Huber**, *Financial Services Manager*   
**Andrew J. Glass, FACHE, MS**, *Director of Administration*   
**Joseph P. Iser, MD, DrPH, MSc**, *Chief Health Officer* 

### **DISCUSSION:**

At the March 2016 Finance Committee meeting discussion occurred concerning the dissolution of the Health District's enterprise fund (previously referred to as the proprietary fund). Staff was asked to research the subject.

- *Definition:* The purpose of an enterprise fund is used to report any activity for which a fee is charged to external users for goods or services and must have an established pricing policy that fees and charges are set to recover costs, including capital and depreciation.
- Additionally, comments made during the 2015 Government Finance Officers Association (GFOA) Certificate of Achievement For Excellence in Financial Reporting. "The government should only use enterprise funds to report activities for which fees and charges are a revenue source...."

Since the inception of the Health District Proprietary Fund (2004), fees have not recovered costs; thus annually subsidized by the general fund.

The attached Resolution to Dissolve the SNHD Proprietary Fund effective July 1, 2016 requires adoption by this Board. Upon adoption, the Resolution will be provided to the Department of Taxation.

### **FUNDING:**

No funding impact with this action.

**RESOLUTION #02-16**

**RESOLUTION TO DISSOLVE THE SOUTHERN NEVADA HEALTH DISTRICT PROPRIETARY FUND**

WHEREAS, the Southern Nevada Health District Board of Health On March 25, 2004 adopted Resolution No. 01-04 establishing a proprietary fund for the purpose of conducting the specific activities of the Southern Nevada Public Health Laboratory; and

WHEREAS, the Southern Nevada Health District Proprietary Fund has not received sufficient fees and charges to recover costs; and

WHEREAS, said enterprise fund's (also referred to as proprietary fund) unaudited Statement of Net Position as of June 30, 2016:

Current assets	\$ 62,621	Current liabilities	\$ 162,859
Noncurrent assets	<u>\$ 542,384</u>	Noncurrent liabilities	<u>\$ 3,042,542</u>
Total assets	<u>\$ 605,005</u>	Total liabilities	<u>\$ 3,205,401</u>
Deferred outflows related to pension	<u>\$ 339,547</u>	Deferred inflows related to pension	<u>\$ 602,609</u>
		Invested in capital assets	\$ 542,384
		Unrestricted	<u>\$(3,405,845)</u>
		Total net position	<u>\$(2,863,461)</u>

WHEREAS, the equity as of June 30, 2016 of the Southern Nevada Health District Proprietary Fund will be transferred to the General Fund of the Southern Nevada Health District.

NOW, THEREFORE, it is hereby RESOLVED, that the Southern Nevada Health District shall dissolve its Proprietary Fund, thereby moving all equity from this fund to the general fund of the Southern Nevada Health District. An unaudited income statement is attached to this Resolution and by reference is made a part thereof.

IT IS FURTHER RESOLVED, that the Southern Nevada Health District shall forward the necessary documents to the Department of Taxation, State of Nevada.

PASSED, ADOPTED, AND APPROVED the 28<sup>th</sup> of July, 2016.

**AYES:**

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**NAYS:**

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\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Absent:**

\_\_\_\_\_

**By:** \_\_\_\_\_

**ATTEST:** \_\_\_\_\_

**SOUTHERN NEVADA HEALTH DISTRICT**  
**ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2016 (UNAUDITED)**

OPERATING REVENUES

Laboratory services	\$ 20,480
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OPERATING EXPENSES

Salaries and wages	\$ 849,393
Employee benefits	322,990
Services and supplies	506,009
Depreciation and amortization	155,149
Repairs and maintenance	<u>100,545</u>

Total operating expenses	<u>1,934,086</u>
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Operating loss	(1,913,606)
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NONOPERATING REVENUES

Investment income	5,037
Transfers in (out)	<u>694,265</u>

Total nonoperating revenues	<u>699,302</u>
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CHANGE IN NET POSITION	(1,214,304)
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NET POSITION, BEGINNING OF YEAR	<u>(1,649,157)</u>
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NET POSITION, END OF YEAR	<u><u>\$(2,863,461)</u></u>
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