

**REQUEST FOR BOARD ACTION**

**HENDERSON COUNTY**

**BOARD OF COMMISSIONERS**

**MEETING DATE:** 16 August 2006

**SUBJECT:** Modification of Articles of Incorporation of Henderson County Hospital Corporation

**ATTACHMENT(S):** Proposed amendment; statute under which investment sought

**SUMMARY OF REQUEST:**

The Board of Directors of Henderson County Hospital Corporation seeks modification of its Articles of Incorporation to allow it to invest in certain types of pooled investments allowed for public hospitals in North Carolina but not allowed for the Hospital Corporation by its current Articles of Incorporation.

County staff and personnel from the Hospital Corporation will present further information on this matter, including the types of investments which would be allowed by this proposed change.

**PROPOSED BOARD ACTION:**

If the Board is so inclined, the following motion is suggested:

***I move that the Board approve the modification of the Articles of Incorporation of Henderson County Hospital Corporation as proposed, and authorize the Chairman and staff to take such steps as are necessary to bring about such modification.***

ARTICLES OF AMENDMENT OF THE  
ARTICLES OF INCORPORATION OF  
HENDERSON COUNTY HOSPITAL CORPORATION

Pursuant to N.C.G.S. § 55A-10-02, the undersigned corporation hereby submits the following Articles of Amendment to its Articles of Incorporation:

1. The name of the corporation is Henderson County Hospital Corporation.

2. The text of the amendment as adopted is as follows:

a. Article VIII, paragraph (e) is deleted in its entirety and a new Article VIII, paragraph (e) is added, as follows:

(e) make any investment of its funds in investments or securities not permitted for investment of funds of the county or for investment of funds of a public hospital pursuant to N.C.G.S. 159-39.

3. The date of adoption of this amendment by Henderson County, the only member of the corporation was \_\_\_\_\_, 2006, with notice of such amendment being duly waived by the member.

4. The date of adoption of this amendment by the Board of Directors was \_\_\_\_\_, 2006.

5. This amendment was adopted by unanimous approval by the Board of Directors and the sole member of the corporation. No other person's or entity's approval is required.

6. This amendment will be effective upon filing.

Date: \_\_\_\_\_, 2006.

HENDERSON COUNTY HOSPITAL CORPORATION  
a North Carolina not-for-profit corporation

by: \_\_\_\_\_  
MARCIA CASERIO  
President, Board of Directors

Part 4. Public Hospitals.

**§ 159-39. Special regulations pertaining to public hospitals.**

- (a) For the purposes of this Part, "public hospital" means any hospital that
- (1) Is operated by a county, city, hospital district, or hospital authority, or
  - (2) Is owned by a county, city, hospital district or hospital authority and operated by a nonprofit corporation or association, a majority of whose board of directors or trustees are appointed by the governing body of a county, city, hospital district, or hospital authority, or
  - (3) On whose behalf a county or city has issued and has outstanding general obligation or revenue bonds, or to which a county or city makes current appropriations (other than appropriations for the cost of medical care to prisoners or indigents).
- (b) Except as provided in this Part, none of the provisions of Parts 1, 2, and 3 of this Article apply to public hospitals.
- (c) Each public hospital shall operate under an annual balanced budget. A budget is balanced when the sum of appropriations is equal to the sum of estimated net revenues and appropriated fund balances.
- (d) The governing board of each public hospital shall appoint or designate a finance officer, who shall have the following powers and duties:
- (1) He shall prepare the annual budget for presentation to the governing board of the public hospital and shall administer the budget as approved by the board.
  - (2) He shall keep the accounts of the hospital in accordance with generally accepted principles of accounting.
  - (3) He shall prepare and file a statement of the financial condition of the hospital as revealed by its accounts upon the request of the hospital governing board or the governing board of any county, city, or other unit of local government that has issued on behalf of the hospital and has outstanding its general obligation or revenue bonds or makes current appropriations to the hospital (other than appropriations for the cost of medical care to prisoners or indigents).
  - (4) He shall receive and deposit all moneys accruing to the hospital, or supervise the receipt and deposit of money by other duly authorized officers or employees of the hospital.
  - (5) He shall supervise the investment of idle funds of the hospital.
  - (6) He shall maintain all records concerning the bonded debt of the hospital, if any, determine the amount of money that will be required for debt service during each fiscal year, and maintain all sinking funds, but shall not be responsible for records concerning the bonded debt of any county, city, or other unit of local government incurred on behalf of the hospital.
- (e) The Local Government Commission has authority to issue rules and regulations governing procedures for the receipt, deposit, investment, transfer, and

disbursement of money and other assets by public hospitals, may inquire into and investigate the internal control procedures of a public hospital, and may require any modifications in internal control procedures which, in the opinion of the Commission, are necessary or desirable to prevent embezzlements, mishandling of funds, or continued operating deficits.

(f) The accounting system of a public hospital shall be so designed that the true financial condition of the hospital can be determined therefrom at any time. As soon as possible after the close of each fiscal year, the accounts shall be audited by a certified public accountant or by an accountant certified by the Local Government Commission as qualified to audit local government accounts. The auditor shall be selected by and shall report directly to the hospital governing board. The audit contract or agreement shall be in writing, shall include all its terms and conditions, and shall be submitted to the secretary of the Local Government Commission for his approval as to form, terms and conditions. The terms and conditions of the audit shall include the scope of the audit, and the requirement that upon completion of the examination the auditor shall prepare a written report embodying financial statements and his opinion and comments relating thereto. The finance officer shall file a copy of the audit with the secretary of the Local Government Commission and with the finance officer of any county, city, or other unit of local government that has issued on behalf of the hospital and has outstanding its general obligation or revenue bonds or makes current appropriations to the hospital (other than appropriations for the cost of medical care to prisoners or indigents).

(g) A public hospital may deposit or invest at interest all or part of its cash balance pursuant to G.S. 159-30 and may deposit any funds held in reserves or sinking funds, or any funds not required for immediate disbursement, with the State Treasurer for investment pursuant to G.S. 147-69.2.

(h) Public hospitals are subject to G.S. 159-31 with regard to selection of an official depository and security of deposits.

(i) Public hospitals are subject to G.S. 159-32 with regard to daily deposits.

(i1) Public hospitals may accept electronic payments pursuant to G.S. 159-32.1.

(j) Public hospitals are subject to G.S. 159-33 with regard to semiannual reports to the Local Government Commission on the status of deposits and investments.

(k) Any hospital district or hospital authority having outstanding general obligation or revenue bonds is subject to G.S. 159-35, 159-36, 159-37, and 159-38. (1973, c. 474, s. 28.1; c. 1215; 1999-434, s. 5.1; 2005-417, s. 1.)