

COMOX STRATHCONA
REGIONAL HOSPITAL DISTRICT



FINANCIAL STATEMENTS
Year ended December 31, 2013

Comox-Strathcona Regional Hospital District

2013 Board of Directors

Area A Baynes Sound-Denman/Hornby	B. Jolliffe (Vice Chair)
Area A Kyuquot/Nootka-Sayward	G. Whalley
Area B Cortes Island	N. Anderson
Area B Lazo North	J. Gillis
Area C Discovery Islands - Mainland Inlets	J. Abram
Area C Puntledge - Black Creek	E. Grieve
Area D Oyster Bay - Buttle Lake	B. Leigh
City of Campbell River	R. Kerr
City of Campbell River	C. Moglove (Chair)
City of Campbell River	M. Storry
City of Campbell River	W. Jakeway
City of Campbell River	R. Mennie
City of Courtenay	J. Ambler
City of Courtenay	M. Theos
City of Courtenay	S. Winchester
Town of Comox	P. Fletcher
Town of Comox	T. Grant
Village of Cumberland	R. Kishi (Alternate)
Village of Gold River	C. Anderson
Village of Sayward	J. MacDonald/D. Mason
Village of Tahsis	J. Schooner
Village of Zeballos	E. Lewis

**Comox-Strathcona Regional Hospital District
Financial Statements
Year ended December 31, 2013**

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Comox-Strathcona Regional Hospital District

Management's Responsibility for Financial Reporting

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and are outlined under Significant Accounting Policies in the notes to the financial statements. Management is responsible for the integrity and objectivity of these statements as well as the supplementary schedules.

Management maintains a system of internal controls to provide reasonable assurance that assets are safeguarded and that transactions are authorized, recorded and reported properly. Management also maintains a program of proper business compliance.

The board of directors is responsible for reviewing and approving the financial statements and for ensuring that management fulfils its responsibilities for financial reporting and internal control.

BDO Canada LLP, the hospital district's independent auditor, have conducted an examination of the financial statements in accordance with Canadian generally accepted auditing standards and have expressed their opinion in a report accompanying this statement.

A handwritten signature in black ink, appearing to read 'E. Dunlop', is written over a light grey rectangular background.

E.J. Dunlop, CGA
Officer responsible for Financial Administration,
pursuant to Section 199 of the Local Government Act



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Independent Auditor's Report

To the Board of Directors
North Island 9-1-1 Corporation

We have audited the accompanying financial statements of North Island 9-1-1 Corporation, which comprise the Statement of Financial Position as at December 31, 2013, and the Statement of Operations and Cash Flows for the year then ended, and a summary of significant accounting policies, and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation 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 audit. We conducted the audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 present fairly, in all material respects, the financial position of North Island 9-1-1 Corporation as at December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

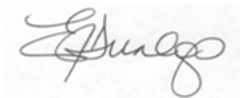
Chartered Accountants

Vancouver, British Columbia
June 20, 2014

Comox-Strathcona Regional Hospital District
Statement of Financial Position
As at December 31, 2013

	<u>2013</u>	<u>2012</u>
Financial Assets		
Cash and temporary investments (Note 3)	\$ 77,644,273	\$ 69,219,952
Accounts receivable	<u>299,289</u>	<u>273,862</u>
Total Financial Assets	<u>77,943,561</u>	<u>69,493,814</u>
Liabilities		
Accounts payable	391,784	887,333
Accrued interest	54,809	136,653
Long-term debenture debt (Schedule D) (Note 4)	<u>2,148,745</u>	<u>3,189,674</u>
Total Liabilities	<u>2,595,338</u>	<u>4,213,660</u>
Accumulated Surplus (Note 6)	<u>\$ 75,348,223</u>	<u>\$ 65,280,154</u>

Commitments (Schedule F) (Note 7)



E.J. Dunlop, CGA
Officer responsible for Financial Administration



C. Moglove
Chair

The accompanying notes are an integral part of these financial statements.

Comox-Strathcona Regional Hospital District
Statement of Operations
Year ended December 31, 2013

Revenue	2013 <u>Budget</u> (Note 10)	2013 <u>Actual</u>	2012 <u>Actual</u>
Requisitions (Schedule E)	\$ 16,029,777	\$ 16,029,778	\$ 15,254,547
Grants in lieu of taxes	82,000	281,064	269,860
Interest revenue	60,000	1,034,586	1,008,091
Debenture refunds and other revenue	-	521,925	91,163
Total Revenue	<u>16,171,777</u>	<u>17,867,353</u>	<u>16,623,661</u>
Expenses			
Net debenture debt interest	702,726	265,764	384,195
Administration and governance	354,100	195,369	205,690
Grants to health care facilities (Schedule F) (Note 9)	10,095,271	7,338,151	2,952,233
Total Expenses	<u>11,152,097</u>	<u>7,799,284</u>	<u>3,542,118</u>
Annual Surplus	5,019,680	10,068,069	13,081,543
Accumulated Surplus, beginning of year	<u>65,280,154</u>	<u>65,280,154</u>	<u>52,198,611</u>
Accumulated Surplus, end of year	<u>\$ 70,299,834</u>	<u>\$ 75,348,223</u>	<u>\$ 65,280,154</u>

The accompanying notes are an integral part of these financial statements.

Comox-Strathcona Regional Hospital District
Statement of Cash Flows
Year ended December 31, 2013

	<u>2013</u>	<u>2012</u>
Operating Transactions		
Annual Surplus (Statement 2)	\$ 10,068,069	\$ 13,081,543
Changes in non-cash operating balances		
Accounts receivable	(25,427)	50,607
Accounts payable	(495,548)	(247,840)
Accrued interest	(81,844)	(5,362)
Item not utilizing cash		
Actuarial adjustment	(355,118)	(331,633)
Cash Provided by Operating Transactions	<u>9,110,132</u>	<u>12,547,316</u>
Financing Transactions		
Debt principal repayments	(685,811)	(699,108)
Cash Applied to Financing Transactions	<u>(685,811)</u>	<u>(699,108)</u>
Change in Cash and Temporary Investments	8,424,321	11,848,208
Cash and Temporary Investments, beginning of year	69,219,952	57,371,744
Cash and Temporary Investments, end of year	<u>\$ 77,644,273</u>	<u>\$ 69,219,952</u>

The accompanying notes are an integral part of these financial statements.

Comox-Strathcona Regional Hospital District
Notes to Financial Statements
December 31, 2013

1. Purpose

British Columbia Hospital Districts

The Comox-Strathcona Regional Hospital District was incorporated in 1967 under the Hospital District Act. The letters patent were amended in 2008, subsequent to the restructure of the Comox Strathcona Regional District, to recognize directors of both the Comox Valley Regional District and Strathcona Regional District as members of the board of the Comox-Strathcona Regional Hospital District. Its principal activities are to finance capital construction projects and capital equipment purchases for health care facilities within the Comox Valley and Strathcona regional districts. These activities are funded through property taxes and debenture debt.

2. Significant Accounting Policies

a) **Basis of Presentation**

The financial statements have been prepared in accordance with the recommendations of the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants Canada.

b) **Reserve for Future Expenditures and Future Major Projects**

Reserve funds are held for future grants of capital equipment and capital construction projects.

c) **Use of Estimates**

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Significant areas requiring management estimates are the determination of grant in lieu revenue, actuarial adjustments and collectability of accounts receivable. Actual results may vary from the estimates and adjustments will be reported and reflected in operations as they become known.

d) **Financial Instruments**

The regional hospital district's financial instruments consist of cash and temporary investments, accounts receivable, accounts payable, accrued interest and long-term debenture debt. Unless otherwise noted, it is management's opinion that the regional hospital district is not exposed to significant interest, currency or credit risks arising from these financial instruments.

e) **Revenue Recognition**

The regional hospital district recognizes requisition revenue based on assessments issued to the property owners in its service area. These assessments are issued on an annual basis to meet the expenditures of the regional hospital district. Interest revenue is recorded when earned. Grants in lieu of taxes are recorded on an accrual basis when it is possible to reasonably estimate the amounts receivable.

3. Cash and Temporary Investments

Included in cash and temporary investments is \$59,620,488 (2012 - \$58,754,002) of temporary investments held with the Municipal Finance Authority in money market, intermediate and bond funds. These investments are carried at market value which approximates cost and are being held in reserve for the north island hospitals project requirements. The approximate net rate of return earned on the regional hospital district's portfolio in 2013 was 1.47% (2012-1.66%). The term of the investments in the MFA pooled investment fund range up to 7 years.

Comox-Strathcona Regional Hospital District
Notes to Financial Statements
December 31, 2013

4. Long-Term Debenture Debt

Details of long-term debt, including maturity dates, interest rates and outstanding amounts, are summarized on Schedule D – Schedule of Long-Term Debenture Debt.

Payments of principal and actuarial on issued debt of the regional hospital district are approximately as follows:

2014	\$ 821,438
2015	468,531
2016	427,764
2017	93,379
2018	97,115
2019 and thereafter	<u>240,518</u>
	<u><u>\$2,148,745</u></u>

Interest on long-term debt, net of actuarial adjustments, recorded in the Statement of Operations in 2013 is \$265,764 (2012 - \$384,195).

5. Municipal Finance Authority Debt Reserve Fund

The Municipal Finance Authority (MFA) requires the regional hospital district to establish a fund equal to one-half the annual installment of principal and interest of debentures issued. The cash portion of the fund is equal to one percent of the total principal with the remainder made up of a non-interest bearing demand note.

Monies paid into the debt reserve fund and interest earned thereon are obligations of MFA to the regional hospital districts. Due to their contingent nature, neither the asset nor liability is recorded in the financial statements. These amounts as at December 31, 2013 amounted to \$551,127 (2012 – \$737,340).

6. Accumulated Surplus

	2013	2012
Revenue Fund (Schedule A)	\$ 266,832	\$ 295,127
Reserve Fund (Schedule B)	77,532,591	68,460,557
Capital and Loan Fund (Schedule C)	(2,451,200)	(3,475,530)
Accumulated Surplus, end of year	<u><u>\$75,348,223</u></u>	<u><u>\$65,280,154</u></u>

The amount of the Capital and Loan Fund, which includes debt incurred to finance the capital construction projects and capital equipment purchases for the health care facilities within the regional districts, will be recovered from future tax requisitions.

7. Commitments

As at December 31, 2013, commitments in connection with various capital grants amounted to \$233,660,137 (2012 - \$240,068,358) as detailed on Schedule F. This represents the Comox-Strathcona Regional Hospital District portion, which is 40% of the total capital cost and includes a commitment of \$231,683,835 for the construction of two hospitals, one sited in the Comox Valley and one in Campbell River, collectively referred to as the north island hospitals project.

8. Related Party Transactions

Related parties consist of the municipalities and electoral areas listed on Schedule E. Included in accounts receivable are amounts from related party municipalities totaling \$251,835 (2012 - \$231,269). During the year, administrative support services supplied to the regional hospital district by the Comox Valley Regional District totaled \$151,000 (2012 - \$151,000).

Comox-Strathcona Regional Hospital District
Notes to Financial Statements
December 31, 2013

9. Grants to Health Care Facilities

	2013	2012
Campbell River & District General Hospital	\$450,477	\$ 817,031
Cortes Health Centre	2,500	2,500
Cumberland Regional Laundry Society	2,500	2,500
Gold River Health Clinic	15,107	2,500
Kyuquot Health Centre	2,500	2,500
North Island Hospitals Project	5,384,000	1,017,065
Sayward Primary Healthcare Clinic	2,500	2,500
St. Joseph's General Hospital	1,385,698	616,101
Tahsis Health Centre	2,500	2,500
Vancouver Island Health Authority – Mobile MRI	87,869	484,536
Zeballos Health Centre	2,500	2,500
	\$7,338,151	\$2,952,233

10. Restatement of 2013 Budget

The budget amounts presented throughout these financial statements represent the budget bylaw approved by the regional hospital district board on March 14, 2013.

The budget bylaw was prepared on a modified accrual basis while Canadian public sector accounting standards require financial statements to be prepared on a full accrual basis. The budget bylaw anticipated use of surpluses and reserves accumulated in prior years to reduce current year expenditures in excess of current year revenues.

The summary below reconciles the 2013 adopted budget to the Statement of Operations.

Budget bylaw, surplus for the year		\$ -
Add:		
Debt principal payments		685,811
Transfers to future expenditure reserve		581,355
Transfers to major project reserve		12,500,000
Less:		
Transfers from future expenditure reserve		(8,420,262)
Transfers from previous years surplus		(327,224)
Budgeted Annual Surplus, as restated		\$5,019,680

11. Statement Presentation

Since the regional hospital district does not have non-financial assets, a Statement of Net Financial Assets has not been presented.

Comox-Strathcona Regional Hospital District
Schedule of Revenue Fund Transactions
Year ended December 31, 2013

	2013 Budget (Note 10)	2013 Actual	2012 Actual
Revenue			
Requisitions (Schedule E)	16,029,777	16,029,778	\$ 15,254,547
Grants in lieu of taxes	82,000	281,064	269,860
Interest revenue	60,000	1,034,586	1,008,091
Debenture refunds and other revenue		521,925	91,163
Total Revenue	16,171,777	17,867,353	16,623,661
Expenses			
Debenture debt interest (Schedule D)	702,726	620,882	715,828
Administration and governance costs	354,100	195,369	205,690
Contribution to reserves for future major projects	12,500,000	13,366,486	12,374,046
Contribution to reserves for future expenditures	581,355	2,992,831	2,096,072
Total Expenses	14,138,181	17,175,568	15,391,636
Net Revenue	2,033,596	691,785	1,232,025
Financing Transactions			
Grants funded by operating	(1,642,912)	(34,269)	(540,787)
Debt principal repayments (Schedule D)	(685,811)	(685,811)	(699,108)
Total Financing Transactions	(2,328,723)	(720,080)	(1,239,895)
Change in Fund Balance	(295,127)	(28,295)	(7,870)
Fund Balance, beginning of year	295,127	295,127	302,997
Fund Balance, end of year	\$ -	\$ 266,832	\$ 295,127

Comox-Strathcona Regional Hospital District
Schedule of Reserve Fund Transactions
Year ended December 31, 2013

	<u>2013</u>	<u>2012</u>
Fund Balance, beginning of year	\$ 68,460,557	\$ 56,349,468
Add:		
Transfer from Revenue Fund for future major projects (Schedule A)	13,366,486	12,374,046
Transfer from Revenue Fund for future expenditures (Schedule A)	2,992,831	2,096,072
Less:		
Grants funded by reserves	<u>(7,287,283)</u>	<u>(2,359,030)</u>
Fund Balance, end of year	<u>\$ 77,532,591</u>	<u>\$ 68,460,557</u>

Comox-Strathcona Regional Hospital District
Schedule of Capital and Loan Fund
Year ended December 31, 2013

	<u>2013</u>	<u>2012</u>
Fund Balance, beginning of year	\$ (3,475,530)	\$ (4,453,854)
Add:		
Debt principal repayments (Schedule D)	685,811	699,108
Actuarial additions (Schedule D)	355,118	331,633
Less:		
Grants funded by long-term debt	<u>(16,599)</u>	<u>(52,417)</u>
Fund Balance, end of year	<u>\$ (2,451,200)</u>	<u>\$ (3,475,530)</u>

Comox-Strathcona Regional Hospital District
Schedule of Long-term Debenture Debt
Municipal Finance Authority (MFA)
As at December 31, 2013

MFA#	Issue Date	Yrs	Int Rate	Beginning Balance	Principal Payments	Actuarial Additions	Ending Balance	Interest Expense
71	Oct 07/99	15	5.71%	294,520	82,412	61,588	150,520	94,395
71	Oct 07/99	15	3.15%	57,974	16,222	12,123	29,629	10,260
73	Nov 7/00	15	6.35%	93,471	17,863	11,933	63,675	22,774
80	Oct 3/03	10	4.78%	53,706	34,620	19,086	-	15,722
95	Oct 13/05	10	4.17%	64,745	15,761	4,980	44,004	7,891
99	Nov 7/06	10	4.43%	232,234	43,221	11,467	177,546	22,988
99	Nov 7/06	10	4.43%	271,080	50,451	13,386	207,243	26,833
99	Nov 7/06	10	4.43%	407,432	75,827	20,118	311,487	40,330
99	Nov 7/06	20	4.43%	377,353	16,304	4,326	356,723	21,508
103	Apr 23/08	10	4.65%	392,617	50,597	8,595	333,425	28,248
105	Apr 21/09	5	3.55%	295,688	128,856	16,089	150,743	24,776
612	May 31/95	20	8.50%	13,572	6,271	7,301	-	8,734
613	Nov 14/95	20	8.50%	19,234	8,887	10,347	-	12,378
619	Feb 17/93	20	8.50%	114,270	43,984	70,286	-	83,184
620	Mar 16/93	20	8.50%	22,543	9,362	13,181	-	15,661
621	Jul 20/93	20	8.50%	26,983	11,132	15,851	-	18,826
622	Jan 05/94	20	7.50%	24,241	4,804	7,021	12,416	12,349
624	Nov 29/96	27	7.88%	378,084	58,625	33,697	285,762	122,764
626	Oct 31/94	20	9.63%	49,927	10,612	13,743	25,572	31,261
				\$ 3,189,674	\$ 685,811	\$ 355,118	\$ 2,148,745	\$ 620,882

Comox-Strathcona Regional Hospital District
Schedule of Revenue from Requisitions
Year ended December 31, 2013

	2013 Budget (Note 10)	2013 Actual	2012 Actual
Member Municipalities			
City of Courtenay	\$ 3,754,376	\$ 3,812,923	\$ 3,554,953
Town of Comox	1,775,548	1,761,569	1,694,297
Village of Cumberland	399,404	408,182	377,503
City of Campbell River	3,797,672	3,800,838	3,619,650
Village of Gold River	112,759	105,215	106,505
Village of Sayward	29,524	28,761	28,217
Village of Tahsis	39,538	38,154	36,800
Village of Zeballos	13,579	13,322	12,977
Electoral Areas			
Baynes Sound/Denman-Hornby Islands (Area A)	\$ 1,648,752	\$ 1,624,041	\$ 1,572,755
Lazo North (Area B)	1,102,198	1,117,309	1,052,352
Puntledge-Black Creek (Area C)	1,448,928	1,440,424	1,383,394
Kyuquot-Nootka/Sayward (Area A)	312,717	294,672	293,452
Cortes (Area B)	255,155	248,264	243,129
Discovery Islands-Mainland Inlets (Area C)	626,704	619,860	597,354
Oyster Bay-Buttle Lake (Area D)	712,923	716,244	681,209
Total Revenue from Requisitions	\$ 16,029,777	\$ 16,029,778	\$ 15,254,547

Comox-Strathcona Regional Hospital District
Schedule of Projects and Commitments
As at December 31, 2013
(Unaudited)

Project	RHD Portion Approved	Paid Prior Years	Paid 2013	Balance of Committed Funds
All Facilities				
2010 Allocation	432,356	(420,812)	(11,544)	-
2011 Allocation	850,205	-	(850,205)	-
2012 Allocation	423,624	-	(127,341)	296,283
2013 Allocation	777,250	-	-	-
Mobile MRI	575,971	(484,536)	(87,869)	-
Campbell River & District General Hospital				
4 Negative Pressure Rooms	320,000	(287,903)	(16,599)	15,497
Anesthesia machine incl monitor	275,377	-	-	275,377
Asbestos Remediation	66,000	(58,019)	(4,023)	3,958
Automated Random Access Immunoassy Analy.	47,140	-	-	47,140
Emergency Dept Central Station Monitors	160,000	-	(160,000)	-
Hematology Analyzer (BU)	40,552	-	-	40,552
Nurse call/duress system replacement	206,000	-	(1,810)	204,190
Pulmonary Function lab	68,000	(40,982)	(5,894)	21,124
Repair to Building Fabric & Finishes	272,800	(146,974)	(23,062)	102,764
Ultrasounds (Radiographic unit)	216,000	(204,868)	(11,132)	-
Upgrade Elevator Controls	160,000	(142,955)	-	17,045
Cortes Health Centre				
2013 Allocation	2,500	-	(2,500)	-
Cumberland Regional Hospital Laundry Society				
2013 Allocation	2,500	-	(2,500)	-
Gold River Health Clinic				
2013 Allocation	2,500	-	(2,500)	-
Kyuquot Health Centre				
2013 Allocation	2,500	-	(2,500)	-
Subtotal	\$ 4,964,275	\$ (1,847,860)	\$ (1,309,479)	\$ 1,026,120

Comox-Strathcona Regional Hospital District
Schedule of Projects and Commitments
As at December 31, 2013
(Unaudited)

Project	RHD Portion Approved	Paid Prior Years	Paid 2013	Balance of Committed Funds
North Island Hospitals Project				
Comox Valley and Campbell River hospitals	240,000,000	(2,932,165)	(5,384,000)	231,683,835
Sayward Primary Healthcare Clinic				
2013 Allocation	2,500	-	(2,500)	-
St Joseph's General Hospital				
Additional Space for clinical program	89,800	-	(16,769)	73,031
Anaesthetic machines (5 machines)	325,550	-	-	325,550
Chiller Replacement	111,928	(12,064)	(99,863)	-
Core Clinical Phase 2	400,000	(201,020)	(167,444)	31,535
Emergency Dept Central Station Moi	200,000	(188,479)	-	11,521
Fuel Storage tank upgrade	58,400	-	(10,439)	47,961
Gas Steam Generator	58,800	(3,401)	(55,399)	-
Heating boiler replacement	156,072	(25,228)	(130,844)	-
Hematology cell counter with slide m	48,355	-	(48,355)	-
Remote Digital Rad/Flouroscopy Uni	345,120	-	-	345,120
Urology fluoroscopy table	207,873	-	(92,414)	115,460
Wispa patient lift upgrade	54,400	(38,750)	(15,645)	5
Tahsis Health Centre				
2013 Allocation	2,500	-	(2,500)	-
Zeballos Health Centre				
2013 Allocation	2,500	-	(2,500)	-
Subtotal	\$ 242,063,798	\$ (3,401,108)	\$ (6,028,672)	\$ 232,634,017
Total Commitments	\$ 247,028,073	\$ (5,248,968)	\$ (7,338,151)	\$ 233,660,138