



<b>Subject:</b> Comox Strathcona Regional Hospital District Financial Planning Policy	
<b>Branch:</b> Executive Management Branch	
<b>Department:</b> Financial Services	<b>Policy Reference:</b> H-P

### **Purpose**

To establish a policy that guides the budget process for the Comox Strathcona Regional Hospital District (CSRHD).

### **Scope**

This policy provides a framework for the development, communication and approval process of the CSRHD annual budget and ensures that the process complies with the provisional and annual budget requirements under section 23 of the *Hospital District Act*. The policy also guides the overall fiscal planning and management of the CSRHD.

The CSRHD provides capital funding, cost shared with the provincial government on a 60/40 basis, with the hospital district portion being 40 per cent, with the exception of the Cumberland Regional Hospital Laundry Society which is 20 per cent. The hospitals and named hospital facilities that the CSRHD funds are: Campbell River & District General Hospital, St. Joseph's Hospital, Cumberland Regional Hospital Laundry Society, Gold River Health Clinic, Sayward Primary Health Centre and the health centres on Cortes, and in Kyuquot, Tahsis and Zeballos.

### **Statement of purpose**

Regional hospital districts are governed by the *Hospital District Act*. The Comox Strathcona Regional Hospital District's purpose as stated in the *Act*:

- to establish, acquire, construct, reconstruct, enlarge, operate and maintain hospitals and hospital facilities;
- to grant aid for the establishment, acquisition, reconstruction, enlargement, operation and maintenance of hospitals and hospital facilities;
- to assume obligations of any member municipality, or any improvement district not within the definition "municipality", or any hospital corporation, with respect to the repayment of money borrowed and provided for the financing of hospital projects and interest on it, or to provide reimbursement to a municipality, improvement district or hospital corporation for money provided for financing hospital projects that were raised or obtained otherwise than by borrowing.

### **Guiding principles**

- Budget decisions are made for the common good of Comox-Strathcona Regional Hospital District residents and are focused on regional outcomes.
- Financial strategies are sustainable over the long term.
- The annual budget is presented in a format that enables the board to make informed decisions.
- Trust is built through ongoing respect of the work performed by board members and staff.

## **Policy statement**

### **1. Balanced budget**

The annual and provisional budgets must be balanced with revenues available to cover planned expenditures.

### **2. Annual budget**

The annual budget is a one year plan as per Section 23 (1) of the *Hospital District Act*. The annual budget is to include the operating requirements as well as a list of capital expenditures with a description of each project for the following year.

### **3. Annual grant**

An annual grant of \$5,000, or an amount approved by the CSRHD board during the financial planning process in any given year, is awarded directly to hospital facilities named pursuant to section 49 of the *Hospital District Act*. The named facilities shall provide, by December 31<sup>st</sup>, an annual report in a format determined by CSRHD that outlines how the previous year's funds were used and proposed plans for the next year's CSRHD funding.

### **4. Annual operating costs**

Annual operating costs shall be reviewed using a zero-based budgeting approach. Directors' board remuneration and expense bylaw and all contract commitments are to be reviewed annually to ensure the budget reflects any changes. Annual operating costs shall be funded from the annual tax requisition. Commitments not expended as of December 31<sup>st</sup> shall be accrued and carried forward to be included in the next year's annual budget.

### **5. Equipment/project grants \$5,000 to \$1,500,000**

An annual amount of \$1,850,000 shall be included in the budget as a provision for hospital and hospital facilities grants for equipment and projects greater than \$5,000 and less than \$1.5 million subject to the required submission from Island Health as listed in appendix 'A'. Equipment/project grants \$5,000 to \$1,500,000 shall be funded from the annual tax requisition. Commitments not expended as of December 31<sup>st</sup> shall be accrued and carried forward to be included in the next annual budget.

### **6. Equipment/project grants greater than \$1,500,000**

Grants for hospital and hospital facilities equipment and projects greater than \$1.5 million require a presentation by Island Health before consideration of the board. Debt funding may be required for CSRHD board approved projects over \$1,500,000. The debt repayment schedule shall be no longer than the useful life of the funded asset.

### **7. Debt management**

As a sustainable and long term funding strategy, the operating as well as the capital equipment/projects under \$1,500,000 budgets in any year are funded from that year's tax levies.

### **8. Legal obligations**

As per section 23(1) of the *Hospital District Act*, a provisional budget is to be adopted by a prescribed date each year for the following calendar year. For the CSRHD, this date is December 31<sup>st</sup>. On or before March 31<sup>st</sup> in each year, the board must adopt, by bylaw, the annual budget.

## 9. Strategic alignment

- The CSRHD cost shares with Island Health for eligible capital equipment and projects for eligible facilities on an approved annual basis;
- Is guided by a long term financial strategy that provides for an annual fixed allocation towards Island Health’s annual equipment/project needs under \$1.5 million for eligible facilities;
- The CSRHD board will consider major projects greater than \$1,500,000 for eligible facilities on a case-by-case basis;
- Establishes a sustainable tax rate that supports the strategic objectives of the board which take into consideration affordability and life cycle costing;
- The CSRHD is in a capital funding partnership with Island Health and seeks to collaboratively fund capital health facility priorities for the Comox-Strathcona region while respecting Island Health’s responsibility for the delivery of health services to Vancouver Island communities.

## 10. Timeline and schedule

Budget Type	Timeline	Time Period	Content
Provisional	Adopted by December 31 of current year	1 year	<ul style="list-style-type: none"> <li>• New budget year summary &amp; details</li> <li>• Previous 4 years of comparative actual figures (years 1-3 audited, year 4 actual to date). (Appendix B)</li> </ul>
Recommended	March of new budget year	1 year	<ul style="list-style-type: none"> <li>• Budget summary and details</li> </ul>
Adopted	March of new budget year <sup>1</sup>	1 year	<ul style="list-style-type: none"> <li>• Budget summary</li> <li>• Annual budget bylaw</li> <li>• Capital expenditure bylaw</li> </ul>

<sup>1</sup> The annual budget must be adopted by March 31<sup>st</sup> as per section 23 (5) of the *Hospital District Act*.

## 11. Presentation of the annual budget

- The annual budget is provided to the CSRHD board in open session.
- The one year provisional budget includes budget details.
- Budget documentation includes audited comparative actual figures for previous four years prior to the year being budgeted. See appendix B for sample report.

## 12. Accountability

The annual budget is presented in open session and posted on the CSRHD website at the provisional, recommended and adopted stages.

## 13. Administration fee for corporate and administrative support

The CSRHD is charged an annual administration fee by the CVRD for the provision of corporate and administrative supports (including the services of the CAO for the CSRHD).

The annual administration fee is reviewed periodically to reflect the inflationary impacts on providing the service.

**14. Approvals**

This policy recognizes the Comox Strathcona Regional Hospital District board as the governance body for the Comox Strathcona Regional Hospital District. The CSRHD board has the authority and responsibility for the approval and adoption of the CSRHD annual budget no later than March 31<sup>st</sup> each year.

**Approval history**

Policy adopted:	September 2011
Policy amended:	November 2011
Policy amended	June 2012
Policy amended	November 2016

Appendix A – “Annual Funding allocation”

Appendix B – “Sample Budget Departmental Report”

## Appendix 'A'

### **Comox Strathcona Regional Hospital District annual funding allocation to the Vancouver Island Health Authority (Island Health).**

By October 31<sup>st</sup> each year, the CSRHD will advise Island Health of the recommended annual funding allocation for the next year. Funding will be subject to final budget adoption in March each year.

By January 31<sup>st</sup> each year, Island Health will advise the CSRHD as to how the annual allocation will be distributed by equipment/project category.

#### **Category 1**

- |      |   |                                      |
|------|---|--------------------------------------|
| (i)  | Equipment > \$100,000                   | (i) \$ per Island Health Submission  |
| (ii) | Capital Improvement Projects >\$100,000 | (ii) \$ per Island Health Submission |

The dollars allocated to Category No. 1 are to be prioritized and recommended by North Island Capital Planning Committee. The CSRHD will issue payment upon receipt and processing of invoices. A quarterly status report of all active projects is to be submitted to the CSRHD.

#### **Category 2**

- |   |  |
|---|--|
| Equipment >\$5,000 and < \$100,000<br>and<br>Minor Capital Projects > \$5,000 and < \$100,000 | \$ per Island Health submission<br>(A combined total for the category) |
|---|--|

Island Health must submit to the CSRHD a quarterly report, in a format determined by CSRHD, of the equipment purchased or completed projects along with a request for payment of the 40 per cent RHD cost share. Progress payments must be a minimum of \$10,000. Payment will be issued upon receipt of quarterly reporting requirements.

#### **Category 3**

Unconditional Grant - for 'Other named facilities' only. Annual allocation of \$5,000 (or an amount approved by the CSRHD board in any given year) per other named facility. Payment will be issued by August 15th each year. An annual report on the use of grant funds will be required. The report format is determined by the CSRHD.

Cumberland Regional Hospital Laundry Society	\$5,000.00
Gold River Health Centre	\$5,000.00
Tahsis Health Centre	\$5,000.00
Cortes Island Health Centre	\$5,000.00
Kyuquot Health Clinic	\$5,000.00
Zeballos Health Centre	\$5,000.00
Sayward Primary Medical Health Care Centre	\$5,000.00

Budget Departmental by Class

APPENDIX 'B'

From Category : 0 To Category : 0  
Account Code : 5?-?-?-??? To : 5?-?-?-???

Account Code	Account Description	2012 Actual Values	2012 Budget Values	2013 Actual Values	2013 Budget Values	2014 Actual Values	2014 Budget Values	2015 Actual Values	2015 Budget Values
<b>50 --&gt; GENERAL REVENUE FUND</b>									
50-1-0-005	GRANTS IN LIEU OF TAXES	269,860	82,000	281,064	82,000	291,182	82,000	289,126	82,000
50-1-0-015	REQUISITION - ELECTORAL AREAS	5,823,645	5,812,013	6,060,815	6,119,600	6,144,938	6,173,884	6,223,667	6,208,221
50-1-0-020	REQUISITION - MUNICIPAL	9,430,902	9,442,534	9,968,963	9,910,177	10,555,061	10,526,116	10,776,333	10,791,779
50-1-0-120	INTEREST REVENUE	1,008,091	60,000	1,034,586	60,000	1,044,339	60,000	217,265	60,000
50-1-0-126	DEBENTURE REFUNDS	91,163	0	521,925	0	167,117	0	14,854	0
50-1-0-150	SURPLUS PRIOR YEAR	302,997	302,996	295,127	295,127	266,832	266,832	293,790	293,790
<b>REVENUE Total</b>		<b>16,926,656</b>	<b>15,699,543</b>	<b>18,162,481</b>	<b>16,466,904</b>	<b>18,469,468</b>	<b>17,108,832</b>	<b>17,815,036</b>	<b>17,435,790</b>
50-2-0-200	ADMINISTRATION EXPENSE	151,000	151,000	151,000	151,000	151,000	151,000	151,000	151,000
50-2-0-220	GOVERNANCE EXPENSES	27,245	54,000	21,952	54,000	24,594	54,000	28,260	54,000
50-2-0-225	BENEFITS	6	100	0	100	0	100	18	100
50-2-0-246	BANK CHARGES	311	500	309	500	472	500	416	500
50-2-0-320	TRAVEL	6,368	18,000	4,374	18,000	4,828	18,000	7,135	18,000
50-2-0-353	PUBLIC RELATIONS	0	0	0	0	100	0	0	0
50-2-0-381	LEGAL FEES	0	10,000	0	10,000	0	10,000	0	10,000
50-2-0-387	PROFESSIONAL FEES	20,760	110,290	17,734	98,500	12,144	78,500	15,256	58,500
50-2-0-480	TRANSFER TO CAPITAL	540,786	1,867,500	34,269	1,642,912	122,053	598,545	51,500	883,677
50-2-0-485	FUNDS FOR FUTURE EXPENDITURES	2,096,072	545,854	2,992,831	581,355	2,538,366	1,672,444	2,793,479	1,298,429
50-2-0-486	FUNDS FOR FUTURE MAJOR PROJECTS	12,374,046	11,500,000	13,366,486	12,500,000	14,331,510	13,500,000	82,655	13,500,000
50-2-0-500	BANK/LOAN INTEREST OPERATING	0	22,000	0	22,000	0	22,000	0	22,000
50-2-0-505	LONG TERM DEBT PRINCIPAL	699,107	699,108	685,811	685,811	571,557	571,557	328,651	328,651
50-2-0-506	LONG TERM DEBT INTEREST	715,828	721,191	620,882	702,726	419,054	432,186	289,757	293,338
50-2-0-507	INTERIM FINANCING PRINCIPAL	0	0	0	0	0	0	13,500,000	0
50-2-0-508	INTERIM FINANCING INTEREST	0	0	0	0	0	0	449,610	817,595
<b>EXPENSES Total</b>		<b>16,631,529</b>	<b>15,699,543</b>	<b>17,895,649</b>	<b>16,466,904</b>	<b>18,175,678</b>	<b>17,108,832</b>	<b>17,697,737</b>	<b>17,435,790</b>
<b>GENERAL REVENUE FUND Total</b>		<b>295,127</b>	<b>0</b>	<b>266,832</b>	<b>0</b>	<b>293,790</b>	<b>0</b>	<b>117,299</b>	<b>0</b>
<b>Report Total --&gt;</b>		<b>295,127</b>	<b>0</b>	<b>266,832</b>	<b>0</b>	<b>293,790</b>	<b>0</b>	<b>117,299</b>	<b>0</b>

Budget Departmental by Class

APPENDIX 'B'

From Category : 0 To Category : 0  
Account Code : 5?-?-?-??? To : 5?-?-?-???

Account Code	Account Description	2012 Actual Values	2012 Budget Values	2013 Actual Values	2013 Budget Values	2014 Actual Values	2014 Budget Values	2015 Actual Values	2015 Budget Values
<b>51 --&gt; CAPITAL &amp; LOAN FUND</b>									
51-1-0-140	INTERIM FINANCING PROCEEDS	0	0	0	0	0	0	74,388,437	60,943,477
51-1-0-145	TRANSFER FR RESERVE	2,359,030	4,083,044	7,287,283	8,420,262	53,902,487	65,476,463	29,962,093	43,629,934
51-1-0-148	TRANSFER FR GENERAL	540,786	1,867,500	34,269	1,642,912	122,053	598,545	51,500	883,677
51-1-0-150	UNEXPENDED DEBT PROCEEDS PRIOR YR	84,514	84,514	32,097	32,097	15,497	15,497	0	0
<b>REVENUE Total</b>		<b>2,984,329</b>	<b>6,035,058</b>	<b>7,353,649</b>	<b>10,095,271</b>	<b>54,040,037</b>	<b>66,090,505</b>	<b>104,402,029</b>	<b>105,457,088</b>
51-2-0-470	CAPITAL GRANTS FUNDED BY DEBT	52,417	84,514	16,599	32,097	15,497	15,497	0	0
51-2-0-471	CAPITAL GRANTS FUNDED BY OPERATING	523,286	1,850,000	16,769	1,625,412	104,553	581,045	34,000	866,177
51-2-0-472	GLOBAL GRANTS FUNDED BY OPERATING	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500
51-2-0-473	CAPITAL GRANTS FUNDED BY RESERVES	2,359,030	4,083,044	1,903,283	3,036,262	1,930,561	2,576,963	715,529	938,411
51-2-0-474	MAJOR CAPITAL PROJECTS	0	0	5,384,000	5,384,000	51,971,925	62,899,500	103,635,000	103,635,000
<b>EXPENSES Total</b>		<b>2,952,233</b>	<b>6,035,058</b>	<b>7,338,152</b>	<b>10,095,271</b>	<b>54,040,037</b>	<b>66,090,505</b>	<b>104,402,029</b>	<b>105,457,088</b>
<b>CAPITAL &amp; LOAN FUND Total</b>		<b>32,096</b>	<b>0</b>	<b>15,497</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Report Total --&gt;</b>		<b>32,096</b>	<b>0</b>	<b>15,497</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>