



Mackenzie & District Hospital



McBride and District Hospital

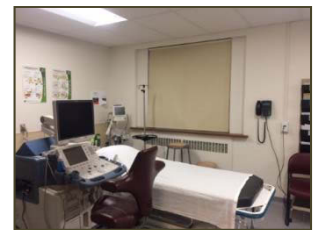
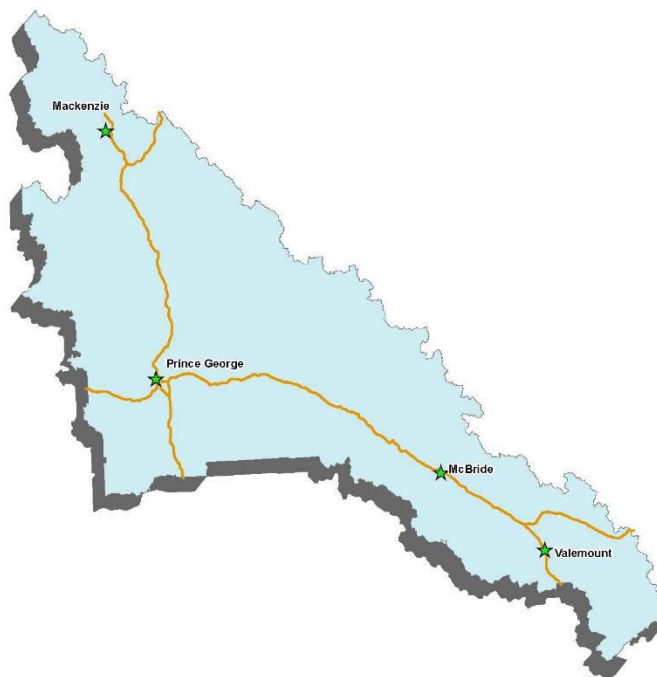


**Fraser-Fort George
REGIONAL HOSPITAL
DISTRICT**

*2017
FINANCIAL STATEMENTS*



UHNBC MRI Delivery



UHNBC Ultrasound Renovations



University Hospital of Northern British Columbia



Valemount Health Centre

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of the Fraser-Fort George Regional Hospital District (the "Regional Hospital District") are the responsibility of management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Regional Hospital District's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

Management meets with the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by the Regional Hospital District. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Regional Hospital District's financial statements.

"Natalie Wehner"

Natalie Wehner, CPA, CMA
General Manager of Financial Services



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INDEPENDENT AUDITORS' REPORT

To the Chairperson and Directors of the Fraser-Fort George Regional Hospital District

Report on Financial Statements

We have audited the accompanying financial statements of the Fraser-Fort George Regional Hospital District, which comprise the statement of financial position as at December 31, 2017, and the statements of operations and accumulated surplus and cash flows for the year then ended, and notes, comprising 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our 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, we consider 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 in our audit 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 consolidated financial position of the Fraser-Fort George Regional Hospital District as at December 31, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants

Prince George, Canada

April 19, 2018



**Statement of Financial Position
as at December 31, 2017**

Exhibit A

	2017	2016
FINANCIAL ASSETS		
Cash and Temporary Investments (Note 3)	\$ 20,535,882	\$ 16,939,413
Receivables		38,176
- City of Prince George	43,305	
- District of Mackenzie	1,764	-
- Village of McBride	1,460	1,022
- Village of Valemount	-	1,071
- Regional District of Fraser-Fort George	1,023	(5)
Municipal Finance Authority Debt Reserve Funds (Note 4)	<u>329,846</u>	<u>323,536</u>
	<u>20,913,280</u>	<u>17,303,213</u>
FINANCIAL LIABILITIES		
Accounts Payable and Accrued Interest	\$ 57,078	\$ 56,491
Debenture Debt - Municipal Finance Authority (Note 5)	<u>7,203,035</u>	<u>8,345,670</u>
	<u>7,260,113</u>	<u>8,402,161</u>
ACCUMULATED SURPLUS (Note 7)	<u>\$ 13,653,167</u>	<u>\$ 8,901,052</u>

"Natalie Wehner"

Natalie Wehner, CPA, CMA, General Manager of Financial Services

**Statement of Operations and Accumulated Surplus
for the year ended December 31, 2017**

Exhibit B

	2017 Budget (Note 8)	2017 (Actual)	2016 (Actual)
REVENUES			
Tax Levy			
City of Prince George	\$ 6,098,389	\$ 6,098,389	\$ 5,456,425
District of Mackenzie	325,112	325,112	295,232
Villages of McBride and Valemount	119,558	119,558	106,170
Electoral areas A, C, D, E, F, G and H	<u>2,163,171</u>	<u>2,163,171</u>	<u>1,981,403</u>
	8,706,230	8,706,230	7,839,230
Grants - in lieu of taxes	30,000	48,952	42,697
Interest and miscellaneous	<u>25,000</u>	<u>149,953</u>	<u>152,408</u>
	<u>8,761,230</u>	<u>8,905,135</u>	<u>8,034,335</u>
EXPENSES			
Directors' remuneration and benefits	\$ 8,380	\$ 7,998	\$ 7,931
Administrative overheads	254,380	254,380	249,880
Audit, legal and miscellaneous	12,270	5,356	3,161
Debt servicing costs - Interest	414,490	(148,402)	(61,947)
Section 20(2) Hospital District Equipment Grants Northern Health Authority	<u>6,816,170</u>	<u>4,033,689</u>	<u>2,097,310</u>
	<u>7,505,690</u>	<u>4,153,021</u>	<u>2,296,336</u>
ANNUAL SURPLUS	\$ 1,255,540	\$ 4,752,114	\$ 5,737,999
ACCUMULATED SURPLUS, BEGINNING OF YEAR	8,901,052	8,901,052	3,163,053
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 10,156,592</u>	<u>\$ 13,653,166</u>	<u>\$ 8,901,052</u>



**Statement of Cash Flows
for the year ended December 31, 2017**

Exhibit C

	2017	2016
OPERATING		
Annual surplus	\$ 4,752,114	\$ 5,737,999
Decrease/(increase) in receivables	(6,260)	(9,207)
Decrease/(increase) in accounts payable and accrued interest	587	(166,791)
Increase/(decrease) in due to Regional District of Fraser-Fort George	(1,027)	5,869
Increase/(decrease) in Municipal Finance Authority Debt Reserve Funds	<u>(6,310)</u>	<u>(8,797)</u>
	<u>4,739,104</u>	<u>5,559,073</u>
FINANCING		
Repayment of debenture debt	\$ <u>(1,142,635)</u>	\$ <u>(1,089,230)</u>
INVESTING		
Increase in temporary investments	\$ <u>(4,033,077)</u>	\$ <u>(4,337,976)</u>
Net Increase/(decrease) in cash	\$ (436,608)	\$ 131,867
Cash, beginning of year	<u>542,323</u>	<u>410,456</u>
Cash, end of year	<u>\$ 105,715</u>	<u>\$ 542,323</u>

**Notes to the Financial Statements
for the year ended December 31, 2017**

1. DESCRIPTION OF BUSINESS

The Fraser-Fort George Regional Hospital District ("Regional Hospital District") was incorporated by Letters Patent of the Province of British Columbia on July 11, 1967. It provides financing and shares in the funding of hospital and health care facilities for Valemount, McBride, Mackenzie and Prince George, British Columbia.

2. SIGNIFICANT ACCOUNTING POLICIES

Financial Statements The Regional Hospital District prepares its financial statements in accordance with Canadian public sector accounting standards as developed by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Professional Accountants.

Financial Instruments The Regional Hospital District's financial instruments consist of cash and temporary investments, receivables, debenture debt and accounts payable and accrued interest. 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.

Revenue Recognition Taxation revenues in the form of local government requisitions are recognized when received from the Province of British Columbia and member Municipalities in August of each year. 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.

Debenture Interest Debenture interest expense is recorded on the accrual basis.

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 reporting amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenditures during the reporting period. The items requiring the use of significant estimates include the collectability of accounts receivable. Actual results could differ from the estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

3. CASH AND TEMPORARY INVESTMENTS

Cash and temporary investments are comprised of cash balances plus temporary investments held with the Municipal Finance Authority in money market and intermediate pooled investment funds. These investments are carried at market value which approximates cost.

	<u>2017</u>	<u>2016</u>
Cash	\$ 105,715	\$ 542,323
Short-Term Investments	<u>20,430,167</u>	<u>16,397,090</u>
Balance, End of Year	<u>\$ 20,535,882</u>	<u>\$ 16,939,413</u>

**Notes to the Financial Statements
for the year ended December 31, 2017**

4. MUNICIPAL FINANCE AUTHORITY DEBT RESERVE FUNDS

The Regional Hospital District issues debt instruments through MFA. As a condition of these borrowings, the MFA has established a debt reserve fund as security held in trust by the MFA against loan default that is equal to one half the annual instalment of principal and interest on debenture issued. The cash portion is equal to 1% of the total principal value of debt when issued and is withheld from the proceeds at the time of issue. Interest earnings are attributed to these funds while they are held in trust by MFA over the term of the loan. The remainder of the fund consists of demand notes in connection with each debenture which are contingent in nature and therefore are not recorded as liability in the financial statements.

Details of the cash deposits and contingent demand notes as at December 31, 2017 are as follows:

	2017	2016
Cash deposits	\$ 329,846	\$ 323,536
Contingent demand notes	<u>620,154</u>	<u>620,154</u>
Total debt reserve fund	<u>\$ 950,000</u>	<u>\$ 943,690</u>

5. LONG-TERM DEBT

MFA Issue No.	Maturity Date	2017 Debentured Amount	2016 Debentured Amount
97	April 19, 2026	\$ 363,404	\$ 398,156
85	December 2, 2024	470,418	525,916
81	April 22, 2024	1,134,219	1,277,205
80	October 3, 2023	1,628,745	1,863,746
78	December 3, 2022	1,759,017	2,065,568
77	June 1, 2022	1,674,672	1,988,961
73	December 1, 2020	<u>172,560</u>	<u>226,118</u>
		<u>\$ 7,203,035</u>	<u>\$ 8,345,670</u>

Principal payment commitments for the next five years, assuming no change in the terms or interest rate are as follows:

2018	\$ 589,162
2019	589,162
2020	589,162
2021	562,170
2022	562,170
2023 & Thereafter	<u>4,311,209</u>
	<u>\$ 7,203,035</u>

**Notes to the Financial Statements
for the year ended December 31, 2017**

6. CREDIT FACILITY

The Regional Hospital District has available an authorized operating line of credit to a maximum of \$750,000. This facility bears interest at prime rate (December 31, 2017 – 3.2%) and is secured by the current borrowing resolution.

7. ACCUMULATED SURPLUS

	2017	2016
Capital Reserve	\$ 20,856,202	\$ 17,246,722
Operating Deficit	<u>(7,203,035)</u>	<u>(8,345,670)</u>
	<u>\$ 13,653,167</u>	<u>\$ 8,901,052</u>

The Capital Reserve Fund balance is comprised of:

Balance, Beginning of Year	\$ 17,246,722	\$ 12,597,953
Transfer from General Operating	<u>3,609,480</u>	<u>4,648,769</u>
Balance, End of Year	<u>\$ 20,856,202</u>	<u>\$ 17,246,722</u>

The Operating Surplus balance is comprised of:

Balance, Beginning of Year	\$ (8,345,670)	\$ (9,434,900)
Transfer to Capital Reserve Fund	<u>(3,609,480)</u>	<u>(4,648,769)</u>
Annual Surplus	<u>4,752,114</u>	<u>5,737,999</u>
Balance, End of Year	<u>\$ (7,203,035)</u>	<u>\$ (8,345,670)</u>

8. BUDGET DATA

The budget amounts presented throughout these financial statements represent the budget bylaw approved by the Regional Hospital District Board on March 16, 2017. The budget anticipated use of capital reserve funds to balance against current year expenditures in excess of current year revenues.

The summary below reconciles the 2017 adopted budget to the Statement of Operations.

Budget bylaw, surplus for the year	\$ -
Add:	
Transfer to reserve:	3,073,630
Debt Principal:	589,170
Less:	
Transfer from previous year's surplus	<u>(2,407,260)</u>
Budgeted Annual Surplus, as per Statement of Operations	<u>\$ 1,255,540</u>

**Notes to the Financial Statements
for the year ended December 31, 2017**

9. STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

A statement of changes in net financial assets has not been prepared as the Regional Hospital District does not have any non-financial assets, therefore, a reconciliation of annual surplus to net financial assets does not provide any further meaningful information.

10. RELATED PARTY TRANSACTIONS

The Regional District of Fraser-Fort George is related to the Regional Hospital District since the same individuals are members of the Board of Directors of both organizations. As legislated by the *Hospital District Act*, the officers and employees of the Regional Hospital District are corresponding officers and employees of the Regional District. Each of the Regional Hospital District and Regional District are separate legal entities as defined by separate Letters Patent and authorized by separate legislation. During the year, the Hospital District purchased, at a cost of \$254,380 (2016 - \$249,880), administrative support services from the Regional District.

11. COMMITMENTS

As at December 31, 2017 commitments in connection with various capital grants amounted to \$8,891,542. This represents the Regional Hospital District portion, which is 40% of the total capital cost and includes a remaining commitment of \$6,071,520



**Fraser-Fort George
REGIONAL HOSPITAL
DISTRICT**

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