



REGIONAL DISTRICT OF NORTH OKANAGAN

NORTH OKANAGAN REGIONAL HOSPITAL DISTRICT

Wednesday, June 6, 2012

Immediately following regular Board of Directors meeting scheduled for 4:00 p.m.

AGENDA

A. APPROVAL OF AGENDA

1. North Okanagan Regional Hospital District – June 6, 2012

RECOMMENDATION 1

(Unweighted Corporate Vote – Simple Majority)

That the Agenda of the June 6, 2012 meeting of the North Okanagan Regional Hospital District Board be approved as presented.

B. ADOPTION OF MINUTES

1. North Okanagan Regional Hospital District – March 7, 2012

RECOMMENDATION 2

Page 1

(Unweighted Corporate Vote – Simple Majority)

That the minutes of the March 7, 2012 meeting of the North Okanagan Regional Hospital District Board be adopted as circulated.

C. NEW BUSINESS

1. 2011 Financial Statements – North Okanagan Regional Hospital District

- Staff memorandum dated May 29, 2012

RECOMMENDATION 3

Page 4

(Weighted Corporate Vote)

That as recommended by the Audit Committee, the North Okanagan Regional Hospital District that the 2011 Financial Statements be approved as presented.

D. ADJOURNMENT

NORTH OKANAGAN REGIONAL HOSPITAL DISTRICT

MINUTES of a meeting of the Board of the **NORTH OKANAGAN REGIONAL HOSPITAL DISTRICT** held in the Board Room at the Regional District of North Okanagan office on Wednesday, March 7, 2012

Members:	Director H. Cyr	City of Enderby	Chair
	Director J. Brown	Township of Spallumcheen	Vice Chair
	Director P. Nicol	City of Vernon	
	Director R. Fairbairn	Electoral Area "D"	
	Director S. Fowler	City of Armstrong	
	Director D. Dirk	District of Coldstream	
	Director K. Acton	Village of Lumby	
	Director R. Sawatzky	City of Vernon	
	Director J. Cunningham	City of Vernon	
	Director B. Fleming	Electoral Area "B"	
	Director M. Macnabb	Electoral Area "C"	
	Director E. Foisy	Electoral Area "E"	
	Director J. Pearase	Electoral Area "F"	

Staff:	T. Hall	Administrator
	D. Sewell	General Manager, Finance
	L. Mellott	General Manager, Electoral Area Administration
	R. Smalles	General Manager, Planning and Building
	D. McTaggart	General Manager, Engineering
	C. Mazzotta	Information Services Manager
	T. Nelson	Community Development Coordinator
	K. Pinkoski	Parks Planner
	C. Howkins	Senior Clerk (taking minutes)

CALL MEETING TO ORDER

The meeting was called to order at 7:45 p.m.

ELECTION OF CHAIR AND VICE CHAIR

Election of North Okanagan Regional Hospital District Chair

The Administrator called three times for nominations for the office of Chair of the North Okanagan Regional Hospital District.

Director Sawatzky nominated Director Cyr

Director Cyr was declared elected, by acclamation, as Chair of the North Okanagan Regional Hospital District.

Director Cyr assumed the Chair.

Election of North Okanagan Regional Hospital District Vice Chair

The Chair called three times for nominations for the office of Vice Chair of the North Okanagan Regional Hospital District.

Director Nicol nominated Director Brown. Director Brown was declared elected, by acclamation, as Vice Chair of the North Okanagan Regional Hospital District.

APPROVAL OF AGENDA

North Okanagan Regional Hospital District – March 7, 2012

Moved and seconded by Directors Acton and Fairbairn
That the Agenda of the March 7, 2012 meeting of the North Okanagan Regional Hospital District Board be approved as presented.

CARRIED

ADOPTION OF MINUTES

North Okanagan Regional Hospital District – June 15, 2011

Moved and seconded by Directors Acton and Fleming
That the minutes of the June 15, 2011 meeting of the North Okanagan Regional Hospital District Board be adopted as circulated.

CARRIED

NEW BUSINESS

Bylaw 129 – Annual Budget

Moved and seconded by Directors Dirk and Acton
That North Okanagan Regional Hospital District 2012 Annual Financial Plan Bylaw No. 129, 2012 be given First, Second and Third readings.

CARRIED

Moved and seconded by Directors Cunningham and Acton
That North Okanagan Regional Hospital District 2012 Annual Financial Plan Bylaw No. 129, 2012 be Adopted.

CARRIED

North Okanagan Regional Hospital District
Minutes

- 2 -

March 7, 2012

ADJOURNMENT

There being no further business the meeting was adjourned at 7:49 p.m.

Certified Correct:

Chair

Corporate Officer

Unadopted

***NORTH OKANAGAN REGIONAL HOSPITAL
DISTRICT***

MEMORANDUM

May 29, 2012

To: **North Okanagan Regional Hospital District Board**
From: David Sewell
Subject: **2011 Financial Statements**

Recommendation:

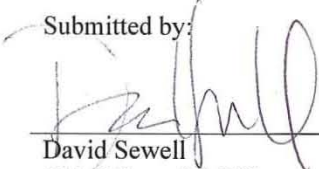
That the Hospital District Board accept the 2011 Financial Statements as presented.

Background:

The North Okanagan Regional Hospital District exists only until the remaining debt outstanding is paid off. This is expected to occur in 2014.

The Audit Committee has recommended the approval of these financial statements and the accompanying Auditor's letter indicates that these statements fairly represent the financial position of the North Okanagan Regional Hospital District.

Submitted by:


David Sewell
Chief Financial Officer

Approved for inclusion:

Trafford Hall
Administrator

North Okanagan Regional Hospital District
Financial Statements
For the year ended December 31, 2011

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M.G. Rossworn, M.B.A., C.A.

C.L. Henderson, B.B.A., C.A.



Independent Auditors' Report

To the Chairperson and Directors of the North Okanagan Regional Hospital District:

Report on the Financial Statements

We have audited the accompanying financial statements of North Okanagan Regional Hospital District which comprise the consolidated statement of financial position as at December 31, 2011 and the consolidated statement of operations, consolidated statement of change in net assets, and consolidated statement of 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 consolidated financial statements in accordance with Canadian generally accounting principles as prescribed by the Public Sector Accounting Board, 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 our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of North Okanagan Regional Hospital District as at December 31, 2011, and its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian generally accounting principles as prescribed by the Public Sector Accounting Board.

May 15, 2012
Enderby, BC

Rossworn Henderson LLP
Chartered Accountants

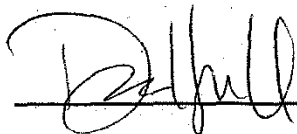
North Okanagan Regional Hospital District

Consolidated Statement of Financial Position

As at December 31

	2011	2010
Financial Assets		
Cash	\$ 491,502	\$ 298,620
Accounts receivable	113	95
Deposits - Municipal Finance Authority (Note 3)	5,127	26,859
	<u>496,742</u>	<u>325,574</u>
Liabilities		
Reserves - Municipal Finance Authority (Note 3)	5,127	26,859
Long term debt (Note 4, Schedule 1)	58,196	180,678
	<u>63,323</u>	<u>207,537</u>
Net Financial Assets	\$ 433,419	\$ 118,037
Non-Financial Assets		
Capitalized grants, net of accumulated amortization (Schedule 2)	<u>\$ 375,418</u>	<u>\$ 497,899</u>
Accumulated Surplus	\$ 808,837	\$ 615,936

Approved on behalf of the Board:



General Manager of Finance

North Okanagan Regional Hospital District
Consolidated Statement of Operations and Accumulated Surplus
For the years ended December 31

	2011	2011	2010
	Budget	Actual	Actual
Revenues			
Tax levies - municipal government (Note 5)	\$ 23,717	\$ 23,574	\$ 203,412
Tax levies - electoral areas (Note 5)	6,283	6,426	53,620
Grants in lieu - federal	-	131	160
Interest revenue and actuarial additions	-	78,697	104,710
Refund of sinking fund surplus and debt reserve fund	21,900	315,664	233,883
	<u>51,900</u>	<u>424,492</u>	<u>595,785</u>
Expenses			
Administration	11,000	10,000	10,000
Interest expense	99,110	99,110	214,213
Amortization of capitalized grants	49,342	122,481	180,525
	<u>159,452</u>	<u>231,591</u>	<u>404,738</u>
Net Surplus (Deficit) for the year	<u>(107,552)</u>	<u>192,901</u>	<u>191,047</u>
Accumulated Surplus, Beginning of Year	<u>615,936</u>	<u>615,936</u>	<u>424,889</u>
Accumulated Surplus, End of Year	<u>\$ 508,384</u>	<u>\$ 808,837</u>	<u>\$ 615,936</u>

North Okanagan Regional Hospital District

Consolidated Statement of Cash Flows

For the years ended December 31

	2011	2010
Operating		
Net Surplus for the year	\$ 192,901	\$ 191,047
Non-cash items:		
Amortization	122,481	180,525
Change in non-cash working capital:		
Accounts receivable	(19)	11,931
	<u>315,363</u>	<u>383,503</u>
Financing		
Repayment of long-term debt	<u>(122,481)</u>	<u>(180,525)</u>
Increase in Cash	192,882	202,978
Cash, Beginning of Year	<u>298,620</u>	<u>95,642</u>
Cash, End of Year	<u>\$ 491,502</u>	<u>\$ 298,620</u>

North Okanagan Regional Hospital District

Consolidated Statement of Change in Net Financial Assets (Net Debt)

For the years ended December 31

	2011	2011	2010
	Budget	Actual	Actual
Net Surplus (Deficit) for the year	\$ (107,552)	\$ 192,901	\$ 191,047
Amortization of capitalized grants	49,342	122,481	180,525
Increase in Net Financial Assets / Decrease in Net Debt	(58,210)	315,382	371,572
Net Financial Assets (Net Debt), Beginning of Year	118,037	118,037	(253,535)
Net Financial Assets, End of Year	\$ 59,827	\$ 433,419	\$ 118,037

North Okanagan Regional Hospital District
Notes to the Consolidated Financial Statements
December 31, 2011

The North Okanagan Regional Hospital District (the "Hospital District") is a government organization established to provide funding for capital projects of the various hospitals in the district. The Hospital District operates under the authority of the Hospital District Act.

On January 1, 1996, a new entity was formed pursuant to Order-in-Council 1555 and the Hospital District Act. The new entity was called the North Okanagan/Columbia Shuswap Regional Hospital District ("the new Regional Hospital District") and took over functions related to the existing North Okanagan Regional Hospital District ("the old Regional Hospital District"), as well as a portion of the responsibilities of the Columbia Shuswap Regional Hospital District. The new Regional Hospital District is administered by the Columbia Shuswap Regional District. All new capital expenditures in the geographical jurisdiction of the old or new Regional Hospital District approved by the Ministry of Health after December 31, 1995 and their related debt and grants are the responsibility of the new Regional Hospital District. The old Regional Hospital District will continue to exist to the extent of honouring any commitments incurred prior to December 31, 1995 in terms of capital spending and debenture debt.

1. Significant Accounting Policies

Basis of Presentation

These consolidated financial statements have been prepared by Management in accordance with Canadian generally accepted accounting principles for government organizations as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA).

Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues, expenses, and changes in fund balances of all funds of the Hospital District. Interfund balances and transactions have been eliminated.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts in the financial statements and the disclosure of contingent liabilities. These estimates and assumptions are based on management's judgment and the best information available and may differ significantly from actual results.

Financial Instruments

The Hospital District's financial instruments consist of cash, accounts receivable, and long-term debt. Unless otherwise noted, it is management's opinion that the Hospital District is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Grants to Hospitals

Grants to hospitals are capitalized and recorded on the statement of financial position as an asset while the hospitals are in operation. When a hospital ceases operations, the investment in capital assets is written off against equity in capital assets. Grants to district hospitals capitalized are amortized to the extent of the principal repayments and the increment in the sinking fund for the related debt.

Revenue Recognition

Revenue is recorded in the period in which the transactions or events that gave rise to the revenue occurred. Amounts received in advance of services rendered are recorded as deferred revenue until the obligation that led to the collection of funds has been discharged. Government transfers are recognized in the period in which events giving rise to the transfer occurred, provided that the transfers are authorized, eligibility requirements have been met and reasonable estimates of the amounts can be made.

2. Related Party Transactions

During the year, the North Okanagan Regional Hospital District paid an administration fee of \$10,000 (2010 - \$10,000) to the Regional District of North Okanagan.

North Okanagan Regional Hospital District

Notes to Financial Statements

December 31, 2011

3. Deposits - Municipal Finance Authority

The Hospital District has issued its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds are withheld by the Municipal Finance Authority as a debt reserve fund. The Hospital District has also executed demand notes in connection with each debenture whereby the Hospital District may be required to loan certain amounts to the Municipal Finance Authority. Details of cash deposits and demand notes at year end are as follows:

	2011	2010
Cash deposits	\$ 5,127	\$ 26,859
Demand notes	15,356	86,433
	\$ 20,483	\$ 113,292

4. Long Term Debt

Loan agreements with the Municipal Finance Authority provide that if at any time the payments from member municipalities are not sufficient to meet their obligations in respect of such borrowings, the resulting deficiency becomes a liability of each member. Debenture debt is reported net of sinking fund balances. Interest expense is reported on a gross basis. Sinking fund interest earned (actuarial additions) and the current year portion of suspended debenture issue payments are recorded as an increase in equity and a decrease in debt. The total debenture and serial debt issued and outstanding as at December 31, 2011 was \$58,196, on which the following principal amounts are payable over the next five years:

	Principal	Interest
2012	\$ 10,111	\$ 27,556
2013	10,111	27,556
2014	10,111	27,556
2015	5,115	15,069
Actuarial adjustment	22,748	-
	\$ 58,196	\$ 97,737

5. Tax Levies

	2011 Budget	2011 Actual	2010 Actual
<u>Municipal Government</u>			
City of Armstrong	\$ 1,293	\$ 1,304	\$ 11,012
City of Enderby	732	739	6,386
City of Vernon	15,701	15,564	133,690
District of Coldstream	3,664	3,692	32,111
Township of Spallumcheen	1,794	1,737	15,755
Village of Lumby	533	538	4,458
	23,717	23,574	203,412
<u>Electoral Areas</u>			
Electoral Area "B"	1,752	1,780	15,025
Electoral Area "C"	1,911	1,995	15,762
Electoral Area "D"	752	752	6,334
Electoral Area "E"	223	229	1,872
Electoral Area "F"	1,645	1,670	14,627
	\$ 6,283	\$ 6,426	\$ 53,620

6. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

North Okanagan Regional Hospital District

Schedule 1 - Long Term Debt

As at December 31

Bylaw	Maturity	Rate	Amount	RHD Share	Interest	Principal	Actuarial	2011	2010
90	2011	9.81%	\$ 250,000	\$ 100,000	\$ 9,810	\$ 3,452	\$ 4,214	\$ -	\$ 8,049
86,87,90,93	2011	10.75%	2,866,591	1,239,973	133,297	35,780	52,908	-	93,122
103	2013	8.50%	72,278	28,911	2,458	1,136	988	4,800	7,030
98,100	2013	8.50%	295,000	118,000	10,030	3,860	4,170	18,148	26,580
98,100	2014	9.63%	391,407	156,563	15,069	5,115	5,026	35,248	45,897
			\$ 1,643,447	\$ 170,664	\$ 170,664	\$ 49,343	\$ 67,306	\$ 58,196	\$ 180,678

The actuarial adjustment represents the expected return on sinking fund assets administered by the Municipal Finance Authority.

North Okanagan Regional Hospital District
Schedule 2 - Capitalized Grants, net of Accumulated Amortization
For the years ended December 31

	2011	2010
<u>Enderby</u>		
Enderby & District Memorial	\$ 352,766	\$ 352,766
Enderby & District Memorial equipment	241,939	241,939
Enderby & District Memorial By-Law No. 9	162,400	162,400
Enderby & District Memorial By-Law No. 42	60,718	60,718
Enderby & District Memorial By-Law No. 48	1,117,654	1,117,654
Enderby & District Memorial By-Law No. 89	32,626	32,626
Enderby & District Memorial By-Law No. 100	222,456	222,456
Enderby & District Memorial By-Law No. 102	19,316	19,316
Enderby & District Memorial improvements	112,335	112,335
<u>Vernon</u>		
Vernon Jubilee equipment	1,747,085	1,747,085
Vernon Jubilee By-Law No. 9	3,677,073	3,677,073
Vernon Jubilee By-Law No. 33	149,423	149,423
Vernon Jubilee By-Law No. 42 and 46	322,892	322,892
Vernon Jubilee By-Law No. 51 and 68	32,421,134	32,421,134
Vernon Jubilee By-Law No. 98	871,116	871,116
Vernon Jubilee By-Law No. 102	39,765	39,765
Vernon Jubilee By-Law No. 103 Chiller conversion	218,174	218,174
Vernon Jubilee Nuclear Medicine Facility By-Law No. 86 and 87	388,344	388,344
Vernon Jubilee minor capital	2,009,255	2,009,255
Vernon Jubilee land	75,164	75,164
<u>North Okanagan Health Unit</u>		
North Okanagan Health Centre By-Law No. 44	534,271	534,271
<u>Armstrong</u>		
Armstrong Spallumcheen equipment	49,248	49,248
Armstrong Spallumcheen By-Law No. 9	304,883	304,883
Armstrong Spallumcheen By-Law No. 84	5,432,013	5,432,013
Armstrong Spallumcheen minor capital	8,807	8,807
<u>Lumby</u>		
Lumby Community Health Centre equipment	18,187	18,187
Lumby Community Health Centre By-Law No. 26	21,000	21,000
	50,610,044	50,610,044
<u>Accumulated Amortization</u>		
Accumulated Amortization, Beginning of year	50,112,146	49,931,621
Principal payments	49,342	76,206
Actuarial adjustments	73,138	104,318
	50,234,626	50,112,145
Capitalized Grants, Net of Accumulated Amortization	\$ 375,418	\$ 497,899