



# REGIONAL DISTRICT OF NORTH OKANAGAN

## NORTH OKANAGAN REGIONAL HOSPITAL DISTRICT

Wednesday, May 7, 2014

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

### AGENDA

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#### A. APPROVAL OF AGENDA

##### 1. North Okanagan Regional Hospital District – May 7, 2014

(Opportunity for Introduction of Late Items)

##### **RECOMMENDATION 1**

(Unweighted Corporate Vote – Simple Majority)

That the Agenda of the May 7, 2014 meeting of the North Okanagan Regional Hospital District Board be approved as presented.

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#### B. ADOPTION OF MINUTES

##### 1. North Okanagan Regional Hospital District – February 5, 2014

##### **RECOMMENDATION 2**

**Page 1**

(Unweighted Corporate Vote – Simple Majority)

That the minutes of the February 5, 2014 meeting of the North Okanagan Regional Hospital District Board be adopted as circulated.

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#### C. NEW BUSINESS

##### 1. 2013 Financial Statements

– North Okanagan Regional Hospital District – Financial Statements

##### **RECOMMENDATION 3**

**Page 4**

(Weighted Corporate Vote – Simple Majority)

That as recommended by the North Okanagan Regional Hospital District Audit Committee, the 2013 Financial Statements be approved.

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#### 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, February 5, 2014

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<b>Members:</b>	Director H. Cyr	City of Enderby	Chair
	Director J. Brown	Township of Spallumcheen	Vice Chair
	Director R. Fairbairn	Electoral Area "D"	
	Director S. Fowler	City of Armstrong	
	Director D. Dirk	District of Coldstream	
	Alt. Director L. Mindnich	Village of Lumby	
	Director R. Sawatzky	City of Vernon	
	Director C. Lord	City of Vernon	
	Alt. Director B. Spiers	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"	
<b>Staff:</b>	R. Smailes	General Manager, Planning and Building	
	J. Byron	Corporate Officer / Human Resources Manager	
	L. Mellott	General Manager, Electoral Area Administration	
	D. Sewell	General Manager, Finance	
	L. Schrauwen	Temp. Senior Clerk (taking minutes)	
<b>Also Present:</b>	Councilor M. Besso	District of Coldstream	

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## CALL MEETING TO ORDER

The meeting was called to order at 6:36 p.m.

## ELECTION OF CHAIR AND VICE CHAIR

### Election of North Okanagan Regional Hospital District Chair

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

Director Cunningham nominated Director Cyr, seconded by Director Macnabb

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

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

Director Pearase nominated Director Brown, seconded by Director Macnabb

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

Director Cyr assumed the Chair

## **APPROVAL OF AGENDA**

### **North Okanagan Regional Hospital District – February 5, 2014**

Moved and seconded by Directors Lord and Fowler  
That the Agenda of the February 5, 2014 meeting of the North Okanagan Regional Hospital District Board be approved as presented.

**CARRIED**

## **ADOPTION OF MINUTES**

### **North Okanagan Regional Hospital District – May 15, 2013**

Moved and seconded by Directors Dirk and Sawatzky  
That the minutes of the May 15, 2013 meeting of the North Okanagan Regional Hospital District Board be adopted as circulated.

**CARRIED**

## **NEW BUSINESS**

### **Bylaw 130 – North Okanagan Regional Hospital District 2014 Annual Financial Plan**

Moved and seconded by Directors Macnabb and Cunningham  
That *North Okanagan Regional Hospital District 2014 Annual Financial Plan Bylaw No. 130, 2014* be given First, Second and Third Readings.

**CARRIED**

Moved and seconded by Directors Dirk and Lord  
That *North Okanagan Regional Hospital District 2014 Annual Financial Plan Bylaw No. 130, 2014* be Adopted.

**CARRIED**

### **Signing Authority – North Okanagan Regional Hospital District**

Moved and seconded by Directors Dirk and Cunningham  
WHEREAS it is desirable for the North Okanagan Regional Hospital District (hereinafter called the "Corporation") to authorize certain of its officers to, inter alia, sign cheques, deposit promissory notes and cheques, receive paid cheques, obtain and deliver from the Corporation's bankers, copies of all or any stocks and bonds;  
NOW THEREFORE, the Corporation hereby enacts as follows:  
That all cheques of the Corporation drawn on its current account be signed on its behalf by the same individuals authorized (hereinafter called the 'signing authorities') to draw on the current account of the Regional District of North Okanagan; (any two to sign);

That these signing authorities of the Corporation, be and are hereby authorized for and on behalf of the said Corporation to negotiate with, deposit with or transfer to the Bank of Montreal (but for the credit of the said Corporation only) all or any Bills of Exchange, Promissory Notes, Cheques and Orders for the payment of money and other negotiable paper, and for the said purpose to endorse the same or any of them on behalf of the said Corporation, either in writing or by rubber stamp, and further that all cheques under the sum of \$50,000.00 may be mechanically signed by a cheque-signing machine or other electronic or mechanical means, including Laser Technology, by any of the above officers;

That these signing authorities of the Corporation, be and are hereby authorized for and on behalf of the said Corporation from time to time to arrange, settle, balance, and certify all books and accounts between vouchers, unpaid and unaccepted bills of exchange and other negotiable instruments;

That these signing authorities of the Corporation, be and are hereby authorized for and on behalf of the said Corporation to obtain delivery from the said Bank of all or any stocks, bonds and other securities held by the said Bank in safe-keeping or otherwise for the account of the said Corporation and to give valid and binding receipts therefore;

That this resolution be communicated to the said Bank and remain in force until written notice to the contrary shall have been given to the Manager for the time being the Branch of the Bank at which the Account of the said Corporation is kept and receipt of such notice duly acknowledged in writing.

**CARRIED**

#### **ADJOURNMENT**

There being no further business, the meeting was adjourned at 6:41 p.m.

#### **CERTIFIED CORRECT**

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Chair  
Howie Cyr

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Corporate Officer  
Jeanne Byron

**North Okanagan Regional Hospital District**  
**Financial Statements**  
**For the year ended December 31, 2013**

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**ROSSBORN HENDERSON LLP** Chartered Accountants

**C.L. Henderson, BBA, CA**

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TEL: (250) 838-7337 FAX: (250) 838-2144



## Independent Auditors' Report

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

We have audited the financial statements of the North Okanagan Regional Hospital District, which are comprised of the consolidated statement of financial position as at December 31, 2012 and the consolidated statement of operations and accumulated surplus, statement of cash flows, and statement of change in net financial assets for the year then ended, as well as the notes to the financial statements.

#### *Management's Responsibility for the Financial Statements*

The North Okanagan Regional Hospital District's management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles for local governments, and for such internal controls 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 auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of 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 risk of material misstatement in 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 controls.

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, these financial statements present fairly, in all material respects, the financial position of the North Okanagan Regional Hospital District as at December 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for local governments.

*Rossborn Henderson LLP*

Chartered Accountants

April 23, 2014  
Enderby, BC

**North Okanagan Regional Hospital District**

**Consolidated Statement of Financial Position**

**As at December 31**

**2013**

**2012**

**Financial Assets**

Cash	\$ 434,573	\$ 449,755
Deposits - Municipal Finance Authority (Note 3)	<u>2,858</u>	<u>5,282</u>
	<b>437,431</b>	<b>455,037</b>

**Liabilities**

Reserves - Municipal Finance Authority (Note 3)	<u>2,858</u>	<u>5,282</u>
Long term debt (Note 4, Schedule 1)	<u>12,327</u>	<u>35,821</u>

**Net Financial Assets**

	<u>\$ 422,246</u>	<u>\$ 413,934</u>
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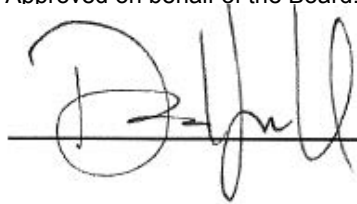
**Non-Financial Assets**

Capitalized grants, net of accumulated amortization (Schedule 2)	<u>\$ 329,548</u>	<u>\$ 353,043</u>
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**Accumulated Surplus**

	<u>\$ 751,794</u>	<u>\$ 766,977</u>
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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**

	2013	2013	2012
	Budget	Actual	Actual
<b>Revenues</b>			
Grants in lieu - federal	-	-	107
Interest revenue and actuarial additions	-	18,700	17,964
Refund of sinking fund surplus and debt reserve fund	-	27,168	-
	-	<b>45,868</b>	18,071
<b>Expenses</b>			
Administration	-	10,000	10,000
Interest expense	-	27,557	27,557
Amortization of capitalized grants	-	23,494	22,375
	-	<b>61,051</b>	59,932
<b>Net Surplus (Deficit) for the year</b>	-	<b>(15,183)</b>	(41,861)
<b>Accumulated Surplus, Beginning of Year</b>	766,977	<b>766,977</b>	808,838
<b>Accumulated Surplus, End of Year</b>	\$ 766,977	\$ <b>751,794</b>	\$ 766,977

**North Okanagan Regional Hospital District**

**Consolidated Statement of Cash Flows**

**For the years ended December 31**

**2013**

**2012**

**Operating**

Net Surplus for the year	\$ (15,183)	\$ (41,861)
Non-cash items:		
Amortization	23,495	22,375
Change in non-cash working capital:		
Accounts receivable	-	114

**8,312**                      (19,372)

**Financing**

Repayment of long-term debt	(23,494)	(22,375)
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**Increase in Cash**

**(15,182)**                      (41,747)

**Cash, Beginning of Year**

**449,755**                      491,502

**Cash, End of Year**

**\$ 434,573**                      \$ 449,755

**North Okanagan Regional Hospital District**

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

**For the years ended December 31**

	2013	2013	2012
	Budget	Actual	Actual
<b>Net Surplus (Deficit) for the year</b>	\$ -	\$ (15,183)	\$ (41,861)
Amortization of capitalized grants	-	<b>23,494</b>	22,375
<b>Increase in Net Financial Assets / Decrease in Net Debt</b>	-	<b>8,311</b>	(19,486)
<b>Net Financial Assets (Net Debt), Beginning of Year</b>	413,934	<b>413,934</b>	433,420
<b>Net Financial Assets, End of Year</b>	<b>\$ 413,934</b>	<b>\$ 422,245</b>	<b>\$ 413,934</b>

## North Okanagan Regional Hospital District

### Notes to the Consolidated Financial Statements

December 31, 2013

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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 (2012 - \$10,000) to the Regional District of North Okanagan.

**North Okanagan Regional Hospital District****Notes to Financial Statements****December 31, 2013****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:

	<u>2013</u>		<u>2012</u>
Cash deposits	\$ 2,858	\$	5,282
Demand notes	8,291		15,356
	<u>\$ 11,149</u>	\$	<u>20,638</u>

**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, 2013 was \$12,327, on which the following principal amounts are payable over the next five years:

	<u>Principal</u>		<u>Interest</u>
2014	\$ 5,115	\$	7,535
Actuarial adjustment	7,212		-
	<u>\$ 12,327</u>	\$	<u>7,535</u>

**5. 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	2013	2012
103	2013	8.50%	\$ 72,278	\$ 28,911	\$ 2,458	\$ 1,136	\$ 1,323	\$ -	\$ 2,459
98,100	2013	8.50%	295,000	118,000	10,030	3,860	5,435	-	9,295
98,100	2014	9.63%	391,407	156,563	15,069	5,115	6,625	<b>12,327</b>	<b>24,067</b>
				<b>\$ 303,474</b>	<b>\$ 27,557</b>	<b>\$ 10,111</b>	<b>\$ 13,383</b>	<b>\$ 12,327</b>	<b>\$ 35,821</b>

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

2013

2012

Enderby

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	112,336

Vernon

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

North Okanagan Health Unit

North Okanagan Health Centre By-Law No. 44	534,271	534,271
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Armstrong

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

Lumby

Lumby Community Health Centre equipment	18,187	18,187
Lumby Community Health Centre By-Law No. 26	21,000	21,000

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	50,610,044	50,610,045
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Accumulated Amortization

Accumulated Amortization, Beginning of year	50,257,002	50,234,627
Principal payments	10,111	10,111
Actuarial adjustments	13,383	12,264

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Accumulated Amortization, end of year	50,280,496	50,257,002
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Capitalized Grants, Net of Accumulated Amortization	\$ 329,548	\$ 353,043
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