

## OPEN MEETING AGENDA

Thursday, April 25, 2019

7:00 pm

FVRD Boardroom, 45950 Cheam Avenue, Chilliwack, BC

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Pages

1. CALL TO ORDER
2. APPROVAL OF AGENDA, ADDENDA AND LATE ITEMS

*All/Unweighted*

### **MOTION FOR CONSIDERATION**

**THAT** the Agenda, Addenda and Late Items for the Fraser Valley Regional Hospital District Board Open Meeting of April 25, 2019 be approved:

**AND THAT** all delegations, reports, correspondence and other information set to the Agenda be received for information.

3. DELEGATIONS AND PRESENTATIONS

- 3.1 Dr. Victoria Lee, President and Chief Executive Officer and Brenda Liggett, Vice President, Facilities Management and Chief Financial Officer, Fraser Health

Update from Fraser Health regarding Capital Funding Priorities.

- 3.1.1 Fraser Health Authority 2018/2019 Minor & Medium Capital Funding Request

4 - 9

*All/Weighted*

- Corporate report dated April 26, 2019 from Mike Veenbaas, Director of Financial Services
- Letter dated March 4, 2019 from Fraser Health

### **MOTION FOR CONSIDERATION**

**THAT** the Fraser Valley Regional Hospital District authorize a payment of \$1,802,000 to Fraser Health Authority, representing the Hospital District's financial contribution to the 2018/2019 Capital Investments approved in the Fraser East Region.

### **3.2     Sean Reid, Partner, KPMG Enterprise**

Presentation of 2018 Fraser Valley Regional Hospital District Audited Financial Statements.

#### **3.2.1     2018 Fraser Valley Regional Hospital District Financial Statements**

10 - 47

*All/Unweighted*

- Corporate report dated April 25, 2019 from Mike Veenbaas, Director of Financial Services
- 2018 FVRHD Financial Statements
- KPMG - Audit Findings Report

#### **MOTION FOR CONSIDERATION**

**THAT** the Fraser Valley Regional Hospital District Board approve the 2018 DRAFT Financial Statements for the Fraser Valley Regional Hospital District.

### **4.     MINUTES / MATTERS ARISING**

#### **4.1     Fraser Valley Regional Hospital District Board - March 20, 2019**

48 - 52

*All/Unweighted*

#### **MOTION FOR CONSIDERATION**

**THAT** the Minutes of the Fraser Valley Regional Hospital District Board Open Meeting of March 20, 2019 be adopted.

### **5.     REPORTS FROM BOARD DIRECTORS**

### **6.     ADDENDA ITEMS/LATE ITEMS**

### **7.     PUBLIC QUESTION PERIOD FOR ITEMS RELEVANT TO AGENDA**

### **8.     RESOLUTION TO CLOSE MEETING**

*All/Unweighted*

#### **MOTION FOR CONSIDERATION**

**THAT** the meeting be closed to the public, except for Senior Staff and the Executive Assistant for the purpose of receiving and adopting Closed Meeting Minutes convened in accordance to Section 90 of the *Community Charter* and to consider matters pursuant to:

- Section 90(1)(e) of the *Community Charter* - the acquisition, disposition or expropriation of land or improvements, if the Board considers that disclosure could reasonably be expected to harm the interests of the regional district;
- Section 90(1)(g) of the *Community Charter* - litigation or potential litigation affecting the regional district; and
- Section 90(1)(k) of the *Community Charter* - negotiations and related discussions respecting the proposed provision of a regional district service that are at their preliminary stages and that, in the view of the Board, could reasonably be expected to harm the interests of the regional district if they were held in public.

## R E C E S S

9. RECONVENE OPEN MEETING

10. RISE AND REPORT

11. ADJOURNMENT

*All/Unweighted*

### MOTION FOR CONSIDERATION

**THAT** the Fraser Valley Regional Hospital District Board Open Meeting of April 25, 2019 be adjourned.

To: CAO for the Fraser Valley Regional Hospital District Board

Date: April 25, 2019

From: Mike Veenbaas, Director of Financial Services

File No: HD1015-01

**Subject: Fraser Health Authority 2018/2019 Minor & Medium Capital Funding Request**

## RECOMMENDATION

**THAT** the Fraser Valley Regional Hospital District authorize a payment of \$1,802,000 to Fraser Health Authority, representing the Hospital District's financial contribution to the 2018/2019 Capital Investments approved in the Fraser East Region.

## BACKGROUND

On March 20<sup>th</sup>, the Hospital District approved the 2019-2023 Financial Plan Bylaw which provided for an allocation of up to \$1,800,000 to Fraser Health for minor/medium capital funding requests. On March 4<sup>th</sup> a letter was received from Fraser Health outlining the capital investments approved for Fraser East and a request to the Hospital District for a 40% funding share equal to \$1,802,000.

## DISCUSSION

The funding request received from Fraser Health includes \$4,503,000 in minor/medium capital investments for the Fraser East Region itemized into two categories:

- Facility Projects \$2,938,000
  - ARH Endoscopy Cleaning Room Upgrade
  - CGH Passenger Elevators #4/5 Upgrade
  - CGH Morgue Upgrade
  - FCH Dish Room Renovation
  - FCH Nursing Station Replacement
  - Fraser Hope Lodge Nurse Call System Upgrade
  - Fraser Hope Lodge Fire Alarm System Upgrade
  
- Equipment under \$100,000 \$1,565,000

Based on a historical 40% funding share, the Hospital District is being asked to contribute \$1,802,000 towards these initiatives. The 2019 financial plan includes funding of up to \$1,800,000 for these initiatives. A detailed listing of the "Equipment under \$100,000" is included in the accompanying letter from Fraser Health.

**COST**

The 2019 financial plan provides for up to \$1,800,000 to be allocated to Fraser Health for minor/medium capital funding requests. The request from Fraser Health is for an additional \$2,000 that could be reallocated from elsewhere in the budget.

**CONCLUSION**

Fraser Health has provided the Hospital District with a funding request to address minor/medium projects in the 2018/2019 Capital Investment Plan for Fraser East. The 2019 financial plan provides for funding of \$1,800,000 for minor/medium projects.

**COMMENT BY:**

**Paul Gipps, Chief Administrative Officer**

Reviewed and supported

RECEIVED

MAR 11 2019

FRASER VALLEY REGIONAL DISTRICT

DEPARTMENT Paul G.

March 4, 2019

Mr. Paul Gipps  
Chief Administrative Officer  
Fraser Valley Regional District  
45950 Cheam Avenue  
Chilliwack, BC V2P 1N6

Dear Paul:

The following table summarizes the \$4.5 million in capital investments that Fraser Health has approved for 2018/19 for Fraser East. These facility projects and equipment are a top priority for the delivery of services and Fraser Health would like the Fraser Valley Regional Hospital District to consider sharing in the cost of these investments.

**2018/19 Capital Investments**

**February 28, 2019**

		(\$000's)	
	Total	60% FHA	40% FVRHD
<b>Minor Capital</b>			
ARH Endoscopy Cleaning Room Upgrade	150	90	60
CGH Passenger Elevators #4/5 Upgrade	750	450	300
CGH Morgue Upgrade	528	316	212
FCH Dish Room Renovation	670	402	268
FCH Nursing Station Replacement	500	300	200
Fraser Hope Lodge Nurse Call System Upgrade	150	90	60
Fraser Hope Lodge Fire Alarm System Upgrade	190	114	76
Under \$100K Equipment	1,565	939	626
	<u>\$4,503</u>	<u>\$2,701</u>	<u>\$1,802</u>

As previously communicated, as long as the equipment purchased with contributions from the Fraser Valley Regional Hospital District has a remaining useful life, Fraser Health guarantees none of that equipment will be relocated to facilities outside of the Regional Hospital District jurisdiction.

**Fraser Health Authority**  
Office of the President and CEO

Suite 400, Central City Tower  
13450 102<sup>nd</sup> Avenue  
Surrey, BC  
V3T 0H1 Canada

Tel (604) 587-4625  
Fax (604) 587-4666  
[www.fraserhealth.ca](http://www.fraserhealth.ca)

Following is a description of the facility projects included in the above table.

**Abbotsford Regional Hospital (ARH) Endoscopy Cleaning Room Upgrade:** This project will address deficiencies identified by Accreditation Canada and Ministry of Health reprocessing audits. The endoscopy cleaning room will be renovated to provide clearly separate dirty and clean rooms to create one-way work flow with separate entrance/exits. Other improvements will be creating negative pressure in the dirty/decontamination area and adding UPS (uninterrupted power supply) for one automatic endoscope reprocessor. The total project budget is \$150,000.

**Chilliwack General Hospital (CGH) Passenger Elevators #4/5 Upgrade:** Project is the full modernization of CGH passenger elevators #4 and 5. These elevators were installed in 1960 and last upgraded in 1984. These elevators cannot be relied upon to function reliability nor repaired if they fail as troubleshooting intermittent failures even for relays requires sourcing and buying used or third party parts. The total project budget is \$750,000.

**CGH Morgue Upgrade:** The morgue at CGH is a dated cold-storage holding facility that is beyond repair. Currently, placing deceased patients in the morgue can take up to 30 minutes as staff are required to move all decedents to achieve the maximum eight morgue spaces. The capacity of the morgue will increase from eight standard spaces to 18 Standard + six Bariatric + Code Orange overflow. This investment in CGH will improve patient care and safeguard staff for the next 30 years. The total project budget is \$528,000.

**Fraser Canyon Hospital (FCH) Dish Room Renovation:** The existing dish room at FCH is approximately 26 years old. All equipment is original and has exceeded its life span. The existing dish machine has had multiple repairs due to leaks and has had problems meeting final rinse temperatures, necessitating the use of chemical sanitizing. The scope of work for the project is to completely replace the dish room equipment and finishes. The total project budget is \$670,000.

**FCH Nursing Station Replacement:** Replace and increase the size of the existing acute care FCH nursing station by incorporating an adjacent office and photocopy space. Overall, this project will support a more collaborative multi-disciplinary work style, decreased risk of staff injury due to poor ergonomic conditions and increased staff and physician satisfaction. The total project budget is \$500,000.

**Fraser Hope Lodge Nurse Call System Upgrade:** Replace the nurse call system at Fraser Hope Lodge, which is a Dukane 6000 that was installed in 1990. These systems are now obsolete and failing, and parts are no longer available. Nurse call systems play an important role in patient safety and allow patients to communicate effectively with their nurses/caregivers when in need of assistance. The total project budget is \$150,000.

**Fraser Hope Lodge Fire Alarm System Upgrade:** This project will replace the fire alarm control panels, replace devices to an addressable system and connect to the acute building. Fraser Hope Lodge's fire alarm system was installed in 1990, and the Fraser Hope Lodge Addition fire alarm system was installed in 2007. All the fire alarm control panels are now obsolete and parts are no longer available. This has potential life safety impact should the fire alarm panels fail or replacement parts not be available. The total equipment budget is \$190,000.

**Equipment between \$5,000 and \$100,000:** Attached is a detailed listing of \$1.5 million in equipment purchases between \$5,000 and \$100,000 by site and item of equipment.

Thank you for your consideration of our funding request. I trust that this letter provides you with the information you need to proceed.

Sincerely,

A handwritten signature in black ink, appearing to be 'Victoria Lee', written in a cursive style.

Dr. Victoria Lee  
President and Chief Executive Officer

VL/tls

Cc: Brenda Liggett, VP Facilities Management and Chief Financial Officer  
David Procter, Director, Financial Planning and Business Support  
Brian Scudder, Manager, Facilities Capital Planning  
Mike Veenbaas, Director, Financial Services/CFO, Fraser Valley Regional District



Site	CEC #	EQUIPMENT DESCRIPTION	New or Replacement	Quantity	Budget Including Installation	FHA 60%	FVRHD 40%
MMH	31019002	Defibrillators	R	2	51,546	30,927	20,618
MMH	31019003	Ceiling Lifts	N	3	42,421	25,453	16,968
MMH	31019005	Gastrosopes	R	2	68,275	40,965	27,310
<b>Subtotal Mission Memorial Hospital</b>					<b>162,242</b>	<b>97,345</b>	<b>64,897</b>
CGH	31119001	Tourniquets	R	2	26,422	15,853	10,569
CGH	31119002	PACS Monitors	R	2	19,483	11,690	7,793
CGH	31119003	Air Curtain Cooler	R	1	14,763	8,858	5,905
CGH	31119004	OR Table	R	1	21,057	12,634	8,423
CGH	31119005	Water Softener System	R	1	40,610	24,366	16,244
CGH	31119010	Multiplate Digitizer Monitor	R	1	62,608	37,565	25,043
CGH	31119012	Monitor Arm	N	1	10,085	6,051	4,034
CGH	31119015	AirFlow Hood	R	1	15,105	9,063	6,042
CGH	31119018	Stretcher	N	1	8,850	5,310	3,540
CGH	31119019	Cystoscopes	N	4	75,383	45,230	30,153
<b>Subtotal Chilliwack General Hospital</b>					<b>294,365</b>	<b>176,619</b>	<b>117,746</b>
MSA	31219001	Beds	R	10	57,727	34,636	23,091
MSA	31219002	Evaporator Coil & Condenser	R	1	7,022	4,213	2,809
<b>Subtotal Matsqui Sumas Abbotsford Hospital</b>					<b>64,748</b>	<b>38,849</b>	<b>25,899</b>
ARH	31319001	OR Rotary Drill/Reamers	R	12	83,476	50,086	33,390
ARH	31319002	OR Reciprocating Saws	R	12	73,899	44,339	29,560
ARH	31319004	OR Sagittal Saws	R	12	80,111	48,067	32,044
ARH	31319005	OR Cordless Drivers	R	10	86,280	51,768	34,512
ARH	31319006	OR Sagittal Saws (SABO)	R	4	35,591	21,354	14,236
ARH	31319007	OR Revision Drills	R	2	14,668	8,801	5,867
ARH	31319009	OR Table	N	1	42,417	25,450	16,967
ARH	31319010	PACS Monitors & UPS	R	7	64,489	38,693	25,796
ARH	31319014	Ultrasonic Washers	N	2	64,596	38,757	25,838
ARH	31319015	Workstation Table	N	1	8,488	5,093	3,395
ARH	31319017	Ice Machine	R	1	5,955	3,573	2,382
ARH	31319018	Ortho Scan - Mini C Arm	R	1	87,359	52,415	34,943
ARH	31319023	PACS Workstations	R	3	22,711	13,627	9,085
ARH	31319025	Ventilator	R	1	60,196	36,118	24,079
ARH	31319026	Ultrasound	R	1	66,867	40,120	26,747
ARH	31319027	Ice Machine	R	1	6,113	3,668	2,445
ARH	31319028	Ventilator	R	1	68,000	40,800	27,200
ARH	31319032	Ventilator	R	1	82,100	49,260	32,840
ARH	31319035	Ultrasound	R	1	32,500	19,500	13,000
<b>Subtotal Abbotsford Regional Hospital</b>					<b>985,816</b>	<b>591,489</b>	<b>394,326</b>
FCH	31819001	PACS Monitor	R	1	13,284	7,970	5,314
FCH	31819002	Range/Stove	R	1	35,941	21,565	14,376
FCH	31819003	Ceiling lift	N	1	8,144	4,887	3,258
<b>Subtotal Fraser Canyon Hospital</b>					<b>57,369</b>	<b>34,422</b>	<b>22,948</b>
<b>Total Fraser East Under \$100K Equipment</b>					<b>1,564,541</b>	<b>938,724</b>	<b>625,816</b>

To: CAO for the Fraser Valley Regional Hospital District Board

Date: April 25, 2019

From: Mike Veenbaas, Director of Financial Services

File No: HD1880-25

**Subject: 2018 Hospital District Financial Statements**

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## RECOMMENDATION

**THAT** the Fraser Valley Regional Hospital District Board approve the 2018 DRAFT Financial Statements for the Fraser Valley Regional Hospital District.

## BACKGROUND

The financial statements for the Fraser Valley Regional Hospital District (FVRHD) have been audited by KPMG, the Regional Hospital District's auditor. Representatives from KPMG, along with Staff, will be presenting the draft financial statements to the Board and reviewing the Audit Findings Report.

## DISCUSSION

The audit report received from KPMG states that the 2018 Financial Statements accurately reflect the financial position of the Hospital District at December 31, 2018.

Highlights from the 2018 audit include:

### Financial Position

The most significant change over 2017 is the reduction in the Accumulated Deficit of \$5.6 million resulting from a combination of \$3.0 million in debenture debt principal payments and an increase of \$2.6 million in overall cash and investments.

The debenture debt remaining is \$19.9 million for the Hospital District's share of Abbotsford Regional Hospital and Cancer Centre and \$14.9 million for expansion/redevelopment at Chilliwack General Hospital, representing debt financing from 2006 to 2010. In recent years funds set aside in capital reserves have been the source of capital project financing. Until such time as those funds are needed they are placed in short and midterm investments gaining interest which is returned to the reserves.

### Financial Activities

Revenues for 2018 are as expected and in line with the results realized in 2017. As supported by the Board, the requisition level was increased to account for non-market change assessment growth allowing the Board to place funds in an early debt retirement reserve. Increased investment earnings

were realized due to changing interest rates and delays in funds required by Fraser Health for projects the Hospital District Board has committed to financially support.

Following budget adoption, the Board made the decision to allocate funding from the major projects capital reserve for two Fraser Health initiatives, Fraser Cascade's electrical system upgrade and Mission Memorial's Health Centre expansion. While a budget amendment was adopted by the Board, the Financial Statements are required to display the budget that was approved at the time the tax requisitions were issued, hence the significant variance for "Transfer to Fraser Health Authority".

With the reduction in interest rates over the past number of years and scheduled debt refinances at the 10 year mark, the Hospital District has benefited from a reduction in interest payments on long term debt. These savings are also being placed into the early debt retirement reserve per Board directive.

### **Financial Reserves**

At December 31<sup>st</sup>, 2018 the total appropriated for reserves is:

• Early Debt Retirement	\$ 565,000
• Minor/Medium Capital	2,246,994
• Major Capital Projects	<u>28,432,674</u>
	\$31,244,668

In addition, a balance of \$431,449 remains in the Current Fund to be used for unplanned operating expenditures or to be reallocated as an appropriation to a reserve.

### **COST**

There are no costs associated with this recommendation.

### **CONCLUSION**

The 2018 DRAFT Financial Statements are being presented to the Board for approval following a comprehensive audit process completed by KPMG.

### **COMMENT BY:**

**Paul Gipps, Chief Administrative Officer**

Reviewed and supported.

# **Fraser Valley Regional Hospital District**

2018 Consolidated Financial Statements  
Year Ended December 31, 2018

# Fraser Valley Regional Hospital District

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For the year ended December 31, 2018

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## **Fraser Valley Regional Hospital District Management's Responsibility for Financial Reporting**

For the year ended December 31<sup>st</sup>, 2018

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The financial Statements have been prepared by management in accordance with Public Sector Accounting Standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through the Board. The Board reviews the external financial statements on an annual basis.

The external auditors, KPMG LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. Their examination includes a review and evaluation of the Regional Hospital District's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to financial management of the Regional Hospital District and meet when required.

On behalf of the Fraser Valley Regional Hospital District

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Mike Veenbaas, CPA, CMA  
Director of Financial Services/Chief Financial Officer  
April 25, 2019



**KPMG LLP**  
**Chartered Professional Accountants**  
200 – 9123 Mary Street  
Chilliwack, BC V2P 4H7  
Canada

Telephone (604) 793-4700  
Fax (604) 793-4747  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Fraser Valley Regional Hospital District

### **Opinion**

We have audited the accompanying consolidated financial statements of Fraser Valley Regional Hospital District (the "District") which comprise:

- the consolidated statement of financial position as at December 31, 2018
- the consolidated statements of operations and deficit for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the District as at December 31, 2018, and its consolidated results of operations and deficit, its consolidated changes in net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the District's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the District's financial reporting process.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.





- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

**DRAFT**

Month DD, YYYY  
Chilliwack, Canada

**Fraser Valley Regional Hospital District  
Consolidated Statement of Financial Position**

**For the year ended December 31** **2018** 2017

**Financial Assets**

Cash and Cash Equivalents (Note 1)	\$ 3,418,254	\$ 3,763,409
Accounts Receivable (Note 2)	10,510	23,767
MFA Debt Reserve Cash (Note 3)	859,590	841,286
Accrued Interest	250,106	185,657
Investments (Note 4)	27,254,880	24,287,085
	<b>31,793,340</b>	<b>29,101,204</b>

**Financial Liabilities**

Accrued Interest	50,132	79,835
Accounts Payable (Note 5)	117,223	16,923
Debenture Debt (Note 6)	34,799,515	37,810,537
	<b>34,966,870</b>	<b>37,907,295</b>

<b>Net Debt</b>	<b>\$ (3,173,530)</b>	<b>\$ (8,806,091)</b>
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**Non-financial Assets**

Tangible Capital Assets (Note 7)	1,482,331	1,484,133
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<b>Accumulated Deficit</b>	<b>\$ (1,691,199)</b>	<b>\$ (7,321,958)</b>
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\_\_\_\_\_  
Chief Financial Officer

**Fraser Valley Regional Hospital District**  
**Consolidated Statement of Operations and Deficit**

<b>For the year ended December 31</b>	<b>Budget 2018</b>	<b>Actual 2018</b>	<b>Actual 2017</b>
<b>Revenues</b>			
Requisition from members and participants	\$ 11,175,300	\$ 11,175,303	\$ 10,905,946
Investment income	476,000	541,544	403,618
Grants in place of taxes	160,000	139,779	146,488
Miscellaneous revenue	39,300	34,570	11,314
Interest on MFA cash reserve	-	18,304	16,093
<b>Total Revenue</b>	<b>11,850,600</b>	<b>11,909,500</b>	<b>11,483,459</b>
<b>Expenses:</b>			
Transfer to Fraser Health Authority	2,100,000	5,130,000	1,800,000
Transfer to Hospital Foundations	-	-	643,150
Interest on long term debt	1,716,430	740,137	1,145,014
Administration charge	350,000	350,000	294,000
Operating expenses	14,680	43,692	33,028
Amortization	-	14,912	14,911
<b>Total Expenses</b>	<b>4,181,110</b>	<b>6,278,741</b>	<b>3,930,103</b>
<b>Annual Surplus</b>	<b>\$ 7,669,490</b>	<b>\$ 5,630,759</b>	<b>\$ 7,553,356</b>
<b>Accumulated Deficit, beginning of year</b>	<b>\$ (7,321,958)</b>	<b>\$ (7,321,958)</b>	<b>\$ (14,875,314)</b>
<b>Accumulated Deficit, end of year</b>	<b>\$ 347,532</b>	<b>\$ (1,691,199)</b>	<b>\$ (7,321,958)</b>

**Fraser Valley Regional District Hospital**  
**Consolidated Statement of Changes in Net Debt**

<b>For the year ended December 31</b>	<b>2018</b>	<b>2017</b>
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<b>Annual Surplus</b>	<b>\$ 5,630,759</b>	<b>\$ 7,553,356</b>
Acquisition of tangible capital assets	(13,110)	(298,230)
Amortization of tangible capital assets	14,912	14,911
<b>Change in net debt</b>	<b>5,632,561</b>	<b>7,270,037</b>

Net debt, beginning of year	\$ (8,806,091)	\$ (16,076,128)
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<b>Net Debt, end of year</b>	<b>\$ (3,173,530)</b>	<b>\$ (8,806,091)</b>
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**Represented by:**

Current Fund (Note 8)	431,449	467,046
Reserve Funds (Note 9)	31,244,668	28,617,235
Amount to be recovered from future requisitions	(34,849,647)	(37,890,372)
	<b>\$ (3,173,530)</b>	<b>\$ (8,806,091)</b>

**Fraser Valley Regional District Hospital  
Consolidated Statement of Cash Flows**

For the year ended December 31	2018	2017
<b>Operations</b>		
Annual Surplus	\$ 5,630,759	\$ 7,553,356
Items not involving cash		
Amortization of tangible capital assets	14,912	\$ 14,911
Change in non-cash operating items		
Accounts receivable and accrued interest	(69,496)	122,483
Accounts payable	100,300	1,759
Accrued interest payable	(29,703)	(54,345)
	<u>5,646,772</u>	<u>7,638,164</u>
<b>Capital activities:</b>		
Acquisition of tangible capital assets	(13,110)	- 298,230
	<u>(13,110)</u>	<u>- 298,230</u>
<b>Financing</b>		
Debt principal payments	(3,011,022)	(2,895,213)
	<u>(3,011,022)</u>	<u>(2,895,213)</u>
<b>Investing</b>		
Increase in portfolio investments	(2,967,795)	(5,520,758)
	<u>(2,967,795)</u>	<u>(5,520,758)</u>
 Decrease in cash during the year	 (345,155)	 (1,076,037)
Cash and cash equivalents, beginning of year	<u>3,763,409</u>	<u>4,839,446</u>
 Cash and cash equivalents, end of year	 <u>\$ 3,418,254</u>	 <u>\$ 3,763,409</u>

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## Fraser Valley Regional Hospital District Notes to Consolidated Financial Statements

For the year ended December 31<sup>st</sup>, 2018

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The Fraser Valley Regional Hospital District ("Hospital District") is a governing agency for the hospitals in the Fraser Valley region and is incorporated under the Hospital District Act. The Hospital District covers hospitals located in Hope, Chilliwack, Abbotsford, and Mission. Its principal activities are to finance capital construction projects and capital equipment purchases for health care facilities within the Fraser Valley Regional District.

<b>Basis of Presentation</b>	The Hospital District financial statements have been prepared in accordance with the recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Professional Accountants. All material inter-fund transactions have been eliminated.
<b>Revenue and Expenditure Recognition</b>	Accounting for all funds is done on the full accrual basis.
<b>Investments</b>	Investments are portfolio investments recorded at cost plus accrued interest, less any provisions for other than temporary impairment.
<b>Use of Estimates</b>	The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and at the date of the financial statements, and reported amounts of revenue and expenditures during the reported period. Actual results could differ from those estimates.
<b>Administration Costs</b>	Pursuant to Hospital District Bylaw 0070,2018 and Section 17(2) of the Hospital District Act, administration fees of \$350,000 (2017 - \$294,000) were paid by the Hospital District to the Fraser Valley Regional District.
<b>Financial instruments</b>	Financial instruments consist of cash, cash equivalents, accounts receivable, investments, accounts payable, accrued liabilities and other current liabilities. The Hospital District classifies its cash and cash equivalents as held- for-trading, accounts receivable as held to maturity and its accounts payable and other current liabilities as other financial liabilities. The Hospital District does not currently have any derivative instruments requiring recording on the statement of financial position. The fair values of the Hospital District's financial instruments approximate their carrying value unless otherwise noted. It is management's opinion that the Hospital District is not exposed to significant interest, currency or credit risk relating to its financial instruments.

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**Fraser Valley Regional Hospital District**  
**Notes to Consolidated Financial Statements**

For the year ended December 31<sup>st</sup>, 2018

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**Non-Financial Assets**

Non-financial assets are not available to discharge existing liability and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life – Years
Parking Lot	20

## Fraser Valley Regional Hospital District Notes to Consolidated Financial Statements

For the year ended December 31<sup>st</sup>, 2018

### 1 Cash and Cash Equivalents

On occasion the Hospital District will utilize Broker's Banks (high-interest savings accounts) and Cashable Term Deposits for short term or temporary investments.

	2018	2017
Cash	\$ 1,400,106	\$ 110,483
Cashable Term Deposit	2,018,148	2,598,521
High Interest Savings Account	-	1,054,405
	<u>\$ 3,418,254</u>	<u>\$ 3,763,409</u>

### 2 Accounts Receivable

	2018	2017
Federal/Provincial Government	\$ 7,877	\$ 6,865
Goods & Services Tax Rebates	663	15,259
Miscellaneous Accounts Receivable	1,970	1,643
	<u>\$ 10,510</u>	<u>\$ 23,767</u>

### 3 Municipal Finance Authority Debt Reserve

The Fraser Valley Regional Hospital District issues its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, the Regional Hospital District has established a fund equal to one half the annual instalment of principal and interest of debentures issued. The cash portion of the fund is equal to one percent of the total principal. The proceeds are withheld by the Municipal Finance Authority as a debt reserve fund.

The demand notes are contingent in nature and are not reflected in the accounts. The details of the cash deposits and demand notes at year end are as follows:

	2018	2017
Cash Deposits	\$ 859,590	\$ 841,286
Demand Notes	1,791,503	1,791,503
	<u>\$ 2,651,093</u>	<u>\$ 2,632,789</u>



## Fraser Valley Regional Hospital District Notes to Consolidated Financial Statements

For the year ended December 31<sup>st</sup>, 2018

### 4 Investments

	Amount	Effective Interest rate	Maturity Date
Blueshore GIC	\$ 2,500,000	1.90%	March 18, 2019
Blueshore GIC	1,626,000	1.90%	March 26, 2019
HSBC Bank GIC	775,000	1.90%	April 22, 2019
Scotia Bank GIC	515,506	1.92%	April 23, 2019
Coast Capital Savings GIC	1,600,000	2.00%	August 2, 2019
Scotia Bank GIC	2,200,000	1.65%	August 2, 2019
National Bank of Canada GIC	2,000,000	1.82%	August 8, 2019
Envision Term Deposit	2,100,000	2.80%	August 9, 2019
Bank of Nova Scotia Bond	2,126,000	3.04%	October 18, 2019
Premium of purchase of bond	19,597		
Coast Capital Savings GIC	3,400,000	2.80%	August 10, 2020
National Bank of Canada GIC	3,500,000	2.89%	August 13, 2020
National Bank of Canada GIC	900,000	3.10%	November 2, 2020
Bank of Montreal Deposit Note	4,125,000	1.61%	October 28, 2021
Discount on purchase of deposit note	(132,223)		
	<b>\$ 27,254,880</b>		

Investments at December 31<sup>st</sup>, 2018 have a total carrying value of \$27,504,986 (2017 - \$24,472,742), consisting of investments of \$27,254,880 (2017 - \$24,287,085) and related accrued interest of \$250,106 (2017 - \$185,657). The market value of these investments at December 31<sup>st</sup>, 2018 is \$27,494,128 (2017 - \$24,456,901).

### 5 Accounts Payable

Payments to Fraser Health occur through the Fraser Valley Regional District with funds transferred between the Hospital District and the Regional District following the transaction. In addition, as a result of the land purchase at 9005 Mary St., the Hospital District assumed a Tenant Deposit connected to possible future development of the property.

	2018	2017
Due to Fraser Valley Regional District	\$ 102,629	\$ 592
Tenant Deposit	13,781	13,781
Miscellaneous Accounts Payable	813	2,550
	<b>\$ 117,223</b>	<b>\$ 16,923</b>

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**Fraser Valley Regional Hospital District**  
**Notes to Consolidated Financial Statements**

For the year ended December 31<sup>st</sup>, 2018

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**6 Debenture Debt**

The Fraser Valley Regional Hospital debenture debt is borrowed through the Municipal Finance Authority and is administered by the Municipal Finance Authority. Hospital debenture debt is as follows:

	2018	2017
Debentures, fixed interest at 1.75% to 4.90% due in various years through 2030.	<b>\$ 61,475,070</b>	\$ 61,475,070
Less sinking fund reserve	<b>(26,675,555)</b>	(23,664,533)
	<b>\$ 34,799,515</b>	\$ 37,810,537

Sinking fund instalments and interest for the next five years for debentures outstanding at December 31<sup>st</sup>, 2018 are as follows:

	Sinking Fund	Actuarial Adjustment	Total
2019	\$ 2,064,441	\$ 1,067,022	\$ 3,131,463
2020	2,064,441	1,192,281	3,256,722
2021	2,064,441	1,322,550	3,386,991
2022	2,064,441	1,458,029	3,522,470
2023	2,064,441	1,598,928	3,663,369
2024 and beyond	9,130,268	8,708,232	17,838,500
	<b>\$ 19,452,473</b>	<b>\$ 15,347,042</b>	<b>\$ 34,799,515</b>

**Fraser Valley Regional Hospital District**  
**Notes to Consolidated Financial Statements**

For the year ended December 31<sup>st</sup>, 2018

**7 Tangible Capital Assets**

<b>Cost</b>	Balance at December 31, 2017	Additions	Transfers and Disposals	Balance at December 31, 2018
Land	\$ 1,200,814	\$ -	\$ -	\$ 1,200,814
Land Improvements	298,230	-	-	298,230
Assets under Constr.	-	13,110	-	13,110
<b>Total</b>	<b>\$ 1,499,044</b>	<b>\$ 13,110</b>	<b>\$ -</b>	<b>\$ 1,512,154</b>

<b>Accumulated amortization</b>	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Land Improvements	\$ 14,911	\$ -	\$ 14,912	\$ 29,823
<b>Total</b>	<b>\$ 14,911</b>	<b>\$ -</b>	<b>\$ 14,912</b>	<b>\$ 29,823</b>

	Net book value December 31, 2017	Net book value December 31, 2018
Land	\$ 1,200,814	\$ 1,200,814
Land Improvements	283,319	268,407
Assets under Constr.	-	13,110
<b>Total</b>	<b>\$ 1,484,133</b>	<b>\$ 1,482,331</b>

**Assets under Construction**

Assets under construction having a value of \$13,110 (2017 - \$0) have not been amortized. Amortization of these assets will commence when the asset is put into service.

## Fraser Valley Regional Hospital District Notes to Consolidated Financial Statements

For the year ended December 31<sup>st</sup>, 2018

### 8 Restricted Assets

The Regional Hospital District has restrictions on the cash and investments available for operational use as follows:

	2018	2017
Cash and Cash Equivalents	\$ 3,418,254	\$ 3,763,409
Investments	27,254,880	24,287,085
Accrued Interest Receivable	250,106	185,657
Accounts Receivable	10,510	23,767
MFA Debt Reserve Cash receivable	859,590	841,286
	<u>31,793,340</u>	<u>29,101,204</u>
Less restrictions for reserve fund	(31,244,668)	(28,617,235)
 Owing to Tenant Deposit	 (13,781)	 (13,781)
Owing to Fraser Valley Regional District	(102,629)	(592)
Owing to Miscellaneous Accounts Payable	(813)	(2,550)
Funds available for operational use	<u>\$ 431,449</u>	<u>\$ 467,046</u>

### 9 Reserve Funds

The Regional Hospital District is empowered under Section 20(2) of the Hospital Act to assess a special levy. Funds raised for this purpose are intended to be used for financing minor and other capital costs not necessarily provided for under approved capital financing projects. Funds raised under this section and not expended at year end are carried forward to be expended in succeeding years.

The total balance in the amount has been allocated as follows:

	2018	2017
Appropriated		
Early Debt Retirement	\$ 565,000	\$ -
Minor/Medium Equipment	2,246,994	2,246,994
Major Capital Projects	28,432,674	26,370,241
	<u>\$ 31,244,668</u>	<u>\$ 28,617,235</u>

**FRASER VALLEY REGIONAL HOSPITAL DISTRICT**

Schedule of Debenture Debt  
Year ended December 31, 2018

Regional District By-law No.	MFA Issuing By-law No.	TERM (years)	Year of Maturity	Original Issue	Outstanding Balance December 31, 2017	New Debt in 2018	Annual Debt Charges			Balance at December 31, 2018
							Interest	Principal	Actuarial Earnings	
21	99	20	2027	26,768,448	14,645,144	-	468,448	898,931	484,932	13,261,281
21	102	20	2027	12,206,623	7,285,081	-	274,649	409,920	196,862	6,678,299
42	105	20	2029	4,750,000	3,280,210	-	232,750	159,513	58,792	3,061,905
42	106	20	2029	10,000,000	6,905,699	-	413,000	335,817	123,772	6,446,110
42	110	20	2030	5,000,000	3,673,806	-	225,000	167,909	53,048	3,452,849
42	112	20	2030	2,750,000	2,020,597	-	102,575	92,350	29,176	1,899,071
				<u>\$ 61,475,071</u>	<u>\$ 37,810,537</u>	<u>\$ -</u>	<u>\$ 1,716,422</u>	<u>\$ 2,064,440</u>	<u>\$ 946,582</u>	<u>\$ 34,799,515</u>

# Fraser Valley Regional District and Hospital District

Audit Findings Report  
for the year ended  
December 31, 2018

For discussion with Council on April  
25, 2019

[kpmg.ca/audit](http://kpmg.ca/audit)



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**The contacts at KPMG in connection with this report are:**

**Sean Reid, CPA, CA**  
Engagement Partner  
Tel: (604) 793-4708  
[srreid@kpmg.ca](mailto:srreid@kpmg.ca)

**Steve Fehlauer, CPA, CA**  
Engagement Manager  
Tel: (604) 854-2227  
[sfehlauer@kpmg.ca](mailto:sfehlauer@kpmg.ca)

# Executive summary



## Purpose of this report\*

The purpose of this Audit Findings Report is to assist you, as a member of Council, in your review of the results of our audit of the financial statements of:

- 1) Consolidated financial statements of the Fraser Valley Regional District ("Regional District") as at and for the year ended December 31, 2018, and
- 2) Consolidated financial statements of the Fraser Valley Regional Hospital District ("Hospital District") as at and for the year ended December 31, 2018.



## Audit Materiality

### FRASER VALLEY REGIONAL DISTRICT

Materiality was determined based on the total expenses of the Regional District. For the year ended December 31, 2018 we determined materiality to be \$610,000.

### FRASER VALLEY REGIONAL HOSPITAL DISTRICT

Materiality was determined based on the total revenues of the Hospital District. For the year ended December 31, 2018 we determined materiality to be \$342,000.

*See pages 4-5.*



## Finalizing the audit

As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Obtaining signed management representation letter;
- Completing our discussions with Council; and
- Obtaining evidence of Council's approval of the financial statements.

We will update Council on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures. Our auditors' report will be dated upon the completion of any remaining procedures.

\*This Audit Findings Report should not be used for any other purpose or by anyone other than Council. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.





# Executive summary



## Areas of focus

We have not identified any significant financial reporting risks. However, as part of the planning process, we identified areas of audit focus including:

### FRASER VALLEY REGIONAL DISTRICT

- Investments
- Deferred revenues
- Chaumox Landfill asset retirement obligation
- Presumed fraud risk of management override of controls

### FRASER VALLEY REGIONAL HOSPITAL DISTRICT

- Investments

We are satisfied that our audit work has appropriately dealt with these areas of audit focus. See pages 6-11.



## Independence

We confirm that we are independent with respect to the Regional and Hospital Districts within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any other standards or applicable legislation or regulation from January 1, 2018 to the date of this report.

# Executive summary



## Adjustments and differences

We did not identify any adjustments that were communicated to management and subsequently corrected in the financial statements.



## Control and other observations

We did not identify any control deficiencies that we determined to be significant deficiencies in ICFR.



## Significant accounting policies and practices

A new accounting standard regarding Contractual Rights was adopted in the current year.

# Materiality – Fraser Valley Regional District

Materiality determination	Comments	Amount
<b>Benchmark</b>	Total expenses per the prior year audited financial statements. The corresponding amount for the prior year's audit was \$19,134,281.	\$20,447,000
<b>Materiality</b>	Determined to plan and perform the audit and to evaluate the effects of identified misstatements on the audit and of any uncorrected misstatements on the financial statements. The corresponding amount for the prior year's audit was \$575,000.	\$610,000
<b>% of Benchmark</b>	The corresponding percentage for the prior year's audit was 3.00%.	2.98%
<b>Audit Misstatement Posting Threshold (AMPT)</b>	Threshold used to accumulate misstatements identified during the audit. The corresponding amount for the previous year's audit was \$28,000.	\$30,500

Materiality represents the level at which we think misstatements will reasonably influence users of the financial statements. It considers both quantitative and qualitative factors.

To respond to aggregation risk, we design our procedures to detect misstatements at a lower level of materiality.

## We report to Council:



Corrected audit misstatements



Uncorrected audit misstatements

# Materiality – Fraser Valley Regional Hospital District

Materiality determination	Comments	Amount
<b>Benchmark</b>	Total revenues per the prior year audited financial statements. The corresponding amount for the prior year's audit was \$11,460,038.	\$11,483,459
<b>Materiality</b>	Determined to plan and perform the audit and to evaluate the effects of identified misstatements on the audit and of any uncorrected misstatements on the financial statements. The corresponding amount for the prior year's audit was \$342,000.	\$342,000
<b>% of Benchmark</b>	The corresponding percentage for the prior year's audit was 2.98%.	2.98%
<b>Audit Misstatement Posting Threshold (AMPT)</b>	Threshold used to accumulate misstatements identified during the audit. The corresponding amount for the previous year's audit was \$17,000.	\$17,100

Materiality represents the level at which we think misstatements will reasonably influence users of the financial statements. It considers both quantitative and qualitative factors.

To respond to aggregation risk, we design our procedures to detect misstatements at a lower level of materiality.

## We report to the Council:



Corrected audit misstatements



Uncorrected audit misstatements



# Areas of focus

We highlight our significant findings in respect of significant financial reporting risks as identified in the executive summary.

## Significant financial reporting risks

## Why is it significant?

### Deferred Revenues

#### REGIONAL DISTRICT

Public Sector Accounting Standards requires that government grants without eligibility criteria, stipulations, or obligations must be recognized as revenue when the transfer is authorized. The Regional District has a material amount of government grants and unearned revenue deposits in 2018. Development levies and deferred revenues are equal to \$12.4 million as at December 31, 2018.

## Our response and significant findings

- We confirmed the amount of funding through inspection of the funding agreements.
- We inspected the agreement to confirm appropriateness of the deferral of revenues.
- No issues were noted from our testing results.





## Areas of focus (continued)

### Significant financial reporting risks

### Why is it significant?

#### Investments

The Regional District has over \$35 million in investments as at December 31, 2018.

#### REGIONAL DISTRICT

### Our response and significant findings

- We confirmed the value of investments at December 31, 2018 with the Regional District's investment advisors at Raymond James and National Bank Financial Wealth Management.
- We performed substantive analytical procedures over investment income.
- No issues were noted from our testing results.



## Areas of focus (continued)

### Significant financial reporting risks

### Why is it significant?

#### **Government Business Partnership**

#### REGIONAL DISTRICT

Public Sector Accounting Standards requires investments in Government Business Partnerships to be accounted for using the modified equity method using the Regional District's share of the partnership.

The Regional District is one of three partners in the Cascade Lower Canyon Community Forest Partnership ("Partnership").

### Our response and significant findings

- We obtained the March 31, 2018 audited financial statements of the Partnership and recalculated the value of the District's 1/3 interest and share of net profit.
- No issues were noted from our testing results.



## Areas of focus (continued)

### Significant financial reporting risks

#### **Chaumox Landfill Liability**

REGIONAL DISTRICT

### Why is it significant?

Public Sector Accounting Standards requires that financial statements should recognized a liability for closure and post-closure costs for all landfill sites operated by the District.

The Regional District operates the Chaumox Landfill in Boston Bar.

### Our response and significant findings

- We obtained and inspected the 2018 engineering report to confirm the estimated current and future closure and post-closure costs.
- We recalculated the liability to confirm the amounts presented on the Consolidated Statement of Financial Position and disclosed in the notes to the consolidated financial statements.
- No issues were noted from our testing results.





## Areas of focus (continued)

### Significant financial reporting risks

### Why is it significant?

#### Investments

The Hospital District has over \$27 million in investments as at December 31, 2018.

#### HOSPITAL DISTRICT

### Our response and significant findings

- We confirmed the value of investments at December 31, 2018 with the Hospital District's investment advisors at Raymond James and National Bank Financial Wealth Management.
- We performed substantive analytical procedures over investment income.
- No issues were noted from our testing results.



## Areas of focus (continued)

### Professional requirements

Presumed risk of management override of controls

### Why are we focusing here?

Although the level of risk of management override of controls will vary from entity to entity, professional standards presume the risk of management override of controls is present in all entities and requires the performance of specific procedures to address this presumed risk.

### Our response and significant findings

- We performed procedures required by professional standards to address the presumed risk of management override of controls including testing of journal entries, performing a retrospective review of estimates, and evaluating the business rationale of significant unusual transactions.
- No issues were noted from our testing results.

# Adjustments and differences



Adjustments and differences identified during the audit have been categorized as “Corrected adjustments” or “Uncorrected differences”. These include disclosure adjustments and differences.

Professional standards require that we request of management and the audit committee that all identified adjustments or differences be corrected. We have already made this request of management.

## Corrected adjustments

We did not identify any adjustments that were communicated to management and subsequently corrected in the financial statements.

## Uncorrected differences

We have not identified any adjustments that remain uncorrected.

# Appendices



**Appendix 1: Required communications**



**Appendix 2: Audit Quality and Risk Management**

# Appendix 1: Required communications



In accordance with professional standards, there are a number of communications that are required during the course of and upon completion of our audit.

These include:



## Auditors' Report

The conclusion of our audit is set out in our draft auditors' report attached to the draft financial statements.



## Management representation letter

In accordance with professional standards, copies of the management representation letter are provided to Council. The management representation letter is attached.



## Independence

In accordance with professional standards, we have confirmed our independence on page 2.

# Appendix 2: Audit Quality and Risk Management



KPMG maintains a system of quality control designed to reflect our drive and determination to deliver independent, unbiased advice and opinions, and also meet the requirements of Canadian professional standards.

Quality control is fundamental to our business and is the responsibility of every partner and employee. The following diagram summarizes the six key elements of our quality control system.

Visit our [Audit Quality Resources page](#) for more information including access to our most recent [Audit Quality Report](#).

Other controls include:

- Before the firm issues its audit report, the Engagement Quality Control Reviewer reviews the appropriateness of key elements of publicly listed client audits
- Technical department and specialist resources provide real-time support to audit teams in the field

We conduct regular reviews of engagements and partners. Review teams are independent and the work of every audit partner is reviewed at least once every three years.

We have policies and guidance to ensure that work performed by engagement personnel meets applicable professional standards, regulatory requirements and the firm's standards of quality.

All KPMG partners and staff are required to act with integrity and objectivity and comply with applicable laws, regulations and professional standards at all times.



We do not offer services that would impair our independence.

The processes we employ to help retain and develop people include:

- Assignment based on skills and experience
- Rotation of partners
- Performance evaluation
- Development and training
- Appropriate supervision and coaching

We have policies and procedures for deciding whether to accept or continue a client relationship or to perform a specific engagement for that client.

Existing audit relationships are reviewed annually and evaluated to identify instances where we should discontinue our professional association with the client.



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# **FRASER VALLEY REGIONAL HOSPITAL DISTRICT**

## **BOARD MEETING**

### **OPEN MEETING MINUTES**

Wednesday, March 20, 2019

7:00 pm

FVRD Boardroom, 45950 Cheam Avenue, Chilliwack, BC

**Members Present:**

Director Pam Alexis, District of Mission  
Director Wendy Bales, Electoral Area C  
Alternate Director Sandy Blue, City of Abbotsford  
Director Henry Braun, City of Abbotsford  
Director Kelly Chahal, City of Abbotsford  
Director Hugh Davidson, Electoral Area F  
Director Bill Dickey, Electoral Area D  
Director Taryn Dixon, Electoral Area H  
Director Orion Engar, Electoral Area E  
Director Leo Facio, Village of Harrison Hot Springs  
Director Brenda Falk, City of Abbotsford  
Director Carol Hamilton, District of Mission  
Alternate Director Walter Kassian, Electoral Area B  
Director Chris Kloot, City of Chilliwack  
Director Dave Loewen, City of Abbotsford  
Director Bud Mercer, City of Chilliwack  
Director Ken Popove, City of Chilliwack  
Director Terry Raymond, Electoral Area A  
Director Peter Robb, District of Hope  
Director Patricia Ross, City of Abbotsford, Vice Chair  
Alternate Director Jeff Shields, City of Chilliwack  
Alternate Director Susan Spaeti, District of Kent  
Director Al Stobbart, Electoral Area G  
Alternate Director Michie Vidal, Village of Harrison Hot Springs

**Regrets:**

Director Jason Lum, City of Chilliwack, Chair  
Director Sylvia Pranger, District of Kent  
Director Dennis Adamson, Electoral Area B  
Director Leo Facio, Village of Harrison Hot Springs  
Director Ross Siemens, City of Abbotsford



Staff Present: Paul Gipps, Chief Administrative Officer  
Tareq Islam, Director of Engineering & Community Services  
Margaret-Ann Thornton, Director of Planning & Development  
Stacey Barker, Director of Regional Services  
Jennifer Kinneman, Director of Corporate Affairs  
Jaime Reilly, Manager of Corporate Administration  
Tyler Davis, Support Analyst  
Tina Mooney, Executive Assistant  
Maggie Mazurkewich, Executive Assistant to CAO and Board  
(Recording Secretary)

There were no members of the public present.

**1. CALL TO ORDER**

Hospital Chair Braun called the meeting to order at 7:00 p.m.

**2. APPROVAL OF AGENDA, ADDENDA AND LATE ITEMS**

Moved By MERCER

Seconded By CHAHAL

**THAT** the Agenda, Addenda and Late Items for the Fraser Valley Regional Hospital District Board Open Meeting of March 20, 2019 be approved:

**AND THAT** all delegations, reports, correspondence and other information set to the Agenda be received for information.

**CARRIED**  
***All/Unweighted***

**3. MINUTES / MATTERS ARISING**

**3.1 Fraser Valley Regional Hospital District Board - February 26, 2019**

Moved By RAYMOND

Seconded By ENGAR

**THAT** the Minutes of the Fraser Valley Regional Hospital District Board Open Meeting of February 26, 2019 be adopted.

**CARRIED**  
***All/Unweighted***

#### 4. NEW BUSINESS

##### 4.1 FVRHD 2019-2023 Annual Budget Bylaw No. 0073, 2019

Moved By KASSIAN  
Seconded By RAYMOND

**MOTION NO. 1:** THAT the Fraser Valley Regional Hospital District Board give first reading to the bylaw cited as *Fraser Valley Regional Hospital District 2019 Annual Budget bylaw No. 0073, 2019*.

**CARRIED**  
***All/Weighted***

Moved By KLOOT  
Seconded By STOBART

**MOTION NO. 2:** THAT the Fraser Valley Regional Hospital District Board give second and third reading to the bylaw cited as *Fraser Valley Regional Hospital District 2019 Annual Budget bylaw No. 0073, 2019*.

**CARRIED**  
***All/Weighted***

Moved By LOEWEN  
Seconded By POPOVE

**MOTION NO. 3:** THAT the Fraser Valley Regional Hospital District Board adopt the bylaw cited as *Fraser Valley Regional Hospital District 2019 Annual Budget bylaw No. 0073, 2019*.

**CARRIED**  
***All/Weighted (2/3 Majority)***

Mr. Veenbaas provided highlights of the 2019 Annual budget bylaw:

- Continued allocation of funds to a new operating reserve called “Early Debt Retirement” which will provide options for the Board at the time of debenture refinancing;
- Continued funding into a Major Capital Projects reserve to be used to fund the Board’s financial commitment to Fraser Health Authority (FHA) for regional healthcare projects; and
- Continued allocation of \$1.8 million per annum to fund the Hospital District’s share of FHA minor and medium facility/equipment projects.

There was discussion about the total reserve balance and funding for future development projects.

**5. REPORTS FROM BOARD DIRECTORS**

None.

**6. ADDENDA ITEMS/LATE ITEMS**

None.

**7. PUBLIC QUESTION PERIOD FOR ITEMS RELEVANT TO AGENDA**

None.

**8. RESOLUTION TO CLOSE MEETING**

Moved By POPOVE

Seconded By DICKEY

**THAT** the meeting be closed to the public, except for Senior Staff and the Executive Assistant for the purpose of receiving and adopting Closed Meeting Minutes convened in accordance to Section 90 of the *Community Charter* and to consider matters pursuant to:

- Section 90(1)(e) of the *Community Charter* - the acquisition, disposition or expropriation of land or improvements, if the Board considers that disclosure could reasonably be expected to harm the interests of the regional district;
- Section 90(1)(g) of the *Community Charter* - litigation or potential litigation affecting the regional district; and
- Section 90(1)(k) of the *Community Charter* - negotiations and related discussions respecting the proposed provision of a regional district service that are at their preliminary stages and that, in the view of the Board, could reasonably be expected to harm the interests of the regional district if they were held in public.

**CARRIED**  
***All/Unweighted***

The Open Meeting was recessed at 7:07 p.m.

**9. RECONVENE OPEN MEETING**

The Open Meeting was reconvened at 8:23 p.m.

**10. RISE AND REPORT**

None.

**11. ADJOURNMENT**

Moved By KLOOT  
Seconded By ALEXIS

**THAT** the Fraser Valley Regional Hospital District Board Open Meeting of March 20, 2019 be adjourned.

**CARRIED**  
***All/Unweighted***

The Fraser Valley Regional District Board Meeting adjourned at 8:23 p.m.

MINUTES CERTIFIED CORRECT:

.....  
Hospital Chair Henry Braun

.....  
Corporate Officer / Deputy