

## OPEN MEETING AGENDA

Tuesday, April 24, 2018

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

**MOTION FOR CONSIDERATION**

**THAT** the Agenda, Addenda and Late Items for the Fraser Valley Regional Hospital District Board Open Meeting of April 24, 2018 be approved:

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

3. DELEGATIONS AND PRESENTATIONS

3.1 **Sean Reid, Partner, KPMG Enterprise**

Presentation of 2017 FVRHD Audited Financial Statements

3.1.1 **2017 Fraser Valley Regional Hospital District Financial Statements**

4 - 59

***All/Unweighted***

- Corporate report dated April 24, 2018 from Mike Veenbaas, Director of Financial Services
- Draft 2017 FVRHD Financial Statements
- KPMG 2017 Audit Findings Report

**MOTION FOR CONSIDERATION**

**THAT** the Fraser Valley Regional Hospital District Board approve the 2017 DRAFT Financial Statements for the Fraser Valley Regional Hospital District.

4. MINUTES / MATTERS ARISING

4.1 Fraser Valley Regional Hospital District Board - March 27, 2018

60 - 64

*All/Unweighted*

**MOTION FOR CONSIDERATION**

**THAT** the Minutes of the Fraser Valley Regional Hospital District Board Open Meeting of March 27, 2018 be adopted.

5. NEW BUSINESS

5.1 2018 Annual Budget Amendment Bylaw No. 0071, 2018

65 - 69

*Motion No. 1: First Reading - All/Weighted*

*Motion No. 2: Second & Third Reading - All/Weighted*

*Motion No. 3: Adoption - All/Weighted (2/3 Majority)*

- Corporate report dated April 24, 2018 from Mike Veenbaas, Director of Financial Services
- Draft Bylaw No. 0071, 2018

**MOTION FOR CONSIDERATION**

**MOTION NO. 1:** **THAT** the Fraser Valley Regional Hospital District Board consider giving first reading to the bylaw cited as *Fraser Valley Regional Hospital District 2018 Annual Budget Amendment Bylaw No. 0071, 2018*.

**MOTION FOR CONSIDERATION**

**MOTION NO. 2:** **THAT** the Fraser Valley Regional Hospital District Board consider giving second and third reading to the bylaw cited as *Fraser Valley Regional Hospital District 2018 Annual Budget Amendment Bylaw No. 0071, 2018*.

**MOTION FOR CONSIDERATION**

**MOTION NO. 3:** **THAT** the Fraser Valley Regional Hospital District Board consider adopting the bylaw cited as *Fraser Valley Regional Hospital District 2018 Annual Budget Amendment Bylaw No. 0071, 2018*.

6. REPORTS FROM BOARD DIRECTORS

7. ADDENDA ITEMS/LATE ITEMS

8. PUBLIC QUESTION PERIOD FOR ITEMS RELEVANT TO AGENDA

9. ADJOURNMENT

*All/Unweighted*

MOTION FOR CONSIDERATION

THAT the Fraser Valley Regional Hospital District Board Open Meeting of April 24, 2018 be adjourned.

To: Fraser Valley Regional Hospital District Board  
From: Mike Veenbaas, Director of Financial Services  
**Subject: 2017 Hospital District Financial Statements**

Date: April 24, 2018  
File No: HD1880-25

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### RECOMMENDATION

**THAT** the Fraser Valley Regional Hospital District Board approve the 2017 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 Finding Report.

### DISCUSSION

The audit report received from KPMG states that the 2017 Financial Statements accurately reflect the financial position of the Hospital District at December 31, 2017.

Highlights from the 2017 audit include:

#### Financial Position

The FVRHD Net Debt position reduced by \$7.3 million dollars in part due to \$2.9 million in debt servicing payments and an increase of \$4.3 million in cash and investments. The increase in cash and investments is a result of planned transfers to capital reserves which are used for facilitating the Hospital District's share of future major capital projects with Fraser Health Authority (FHA).

#### Financial Activities

Revenues for 2017 were consistent with 2016, representing funding from the annual tax requisition and interest earnings on capital reserve investments. The 2017 requisition was slightly lower than budget in 2017 to offset the slightly higher than budgeted requisition received in 2016.

There are two notable Expenditure items for 2017. First is the under allocation of funding to FHA which is tied to the delayed Abbotsford Residential Care Facility. The payment of \$1.8 million represents funding for Minor and Medium Capital Projects with the major capital commitment being delayed until 2019-2021. Second is the 50<sup>th</sup> anniversary legacy funding allocated by the Board to the Fraser Valley Health Care Foundation (\$370,250) and the Chilliwack Hospital Foundation (\$272,900). Lastly,

unplanned operating expenses include consultant work on the Hospital District's future direction and monthly operating costs associated with the Mary St. parking lot.

### **Financial Reserves**

At December 31<sup>st</sup>, 2017 the total appropriated for reserves is:

• Minor/Medium Capital	\$2,246,994
• Major Capital Projects	<u>26,370,241</u>
	\$28,617,235

In addition, a balance of \$467,046 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 2017 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**

2017 Consolidated Financial Statements  
Year Ended December 31, 2017

# Fraser Valley Regional Hospital District

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For the year ended December 31, 2017

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

For the year ended December 31<sup>st</sup>, 2017

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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 24, 2018



# INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Fraser Valley Regional Hospital District

We have audited the accompanying consolidated financial statements of Fraser Valley Regional Hospital District, which comprise the consolidated balance sheet as at December 31, 2017, the consolidated statements of operations and deficit, for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from 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 our 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, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial position of Fraser Valley Regional Hospital District as at December 31, 2017, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

**DRAFT**

Chartered Professional Accountants

Chilliwack, Canada

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

**For the year ended December 31**

**2017**

**2016**

**Financial Assets**

Cash and Cash Equivalents (Note 1)	\$ 3,763,409	\$ 4,839,446
Accounts Receivable (Note 2)	23,767	158,377
MFA Debt Reserve Cash (Note 3)	841,286	825,193
Accrued Interest	185,657	189,623
Investments (Note 4)	24,287,085	18,766,327
	<b>29,101,204</b>	<b>24,778,966</b>

**Financial Liabilities**

Accrued Interest	79,835	134,180
Accounts Payable (Note 5)	16,923	15,164
Debenture Debt (Note 6)	37,810,537	40,705,750
	<b>37,907,295</b>	<b>40,855,094</b>

<b>Net Debt</b>	<b>\$ (8,806,091)</b>	<b>\$ (16,076,128)</b>
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**Non-financial Assets**

Tangible Capital Assets (Note 7)	1,484,133	1,200,814
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<b>Accumulated Deficit</b>	<b>\$ (7,321,958)</b>	<b>\$ (14,875,314)</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>	Budget 2017	Actual 2017	Actual 2016
<b>Revenues</b>			
Requisition from members and participants	\$ 10,924,000	\$ 10,905,946	\$ 10,942,055
Investment income	418,100	403,618	332,820
Grants in place of taxes	160,000	146,488	159,448
Interest & other revenue	4,000	11,314	3,277
Interest on MFA cash reserve	-	16,093	22,438
<b>Total Revenue</b>	<b>11,506,100</b>	<b>11,483,459</b>	<b>11,460,038</b>
<b>Expenses:</b>			
Transfer to Fraser Health Authority	3,000,000	1,800,000	1,584,000
Transfer to Hospital Foundations	-	643,150	-
Interest on long term debt	2,030,130	1,145,014	1,856,720
Administration charge	294,250	294,000	294,000
Operating expenses	-	33,028	3,485
Amortization	-	14,911	-
<b>Total Expenses</b>	<b>5,324,380</b>	<b>3,930,103</b>	<b>3,738,205</b>
<b>Annual Surplus</b>	<b>\$ 6,181,720</b>	<b>\$ 7,553,356</b>	<b>\$ 7,721,833</b>
<b>Accumulated Deficit, beginning of year</b>	<b>\$ (14,875,314)</b>	<b>\$ (14,875,314)</b>	<b>\$ (22,597,147)</b>
<b>Accumulated Deficit, end of year</b>	<b>\$ (8,693,594)</b>	<b>\$ (7,321,958)</b>	<b>\$ (14,875,314)</b>

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

For the year ended December 31	2017	2016
<b>Annual Surplus</b>	\$ 7,553,356	\$ 7,721,833
Acquisition of tangible capital assets	(298,230)	-
Amortization of tangible capital assets	14,911	-
<b>Change in net debt</b>	<b>7,270,037</b>	<b>7,721,833</b>
<b>Net debt, beginning of year</b>	<b>\$ (16,076,128)</b>	<b>\$ (23,797,961)</b>
<b>Net Debt, end of year</b>	<b>\$ (8,806,091)</b>	<b>\$ (16,076,128)</b>

**Represented by:**

<b>Current Fund (Note 8)</b>	<b>467,046</b>	<b>1,165,567</b>
<b>Reserve Funds (Note 9)</b>	<b>28,617,235</b>	<b>23,598,235</b>
<b>Amount to be recovered from future requisitions</b>	<b>(37,890,372)</b>	<b>(40,839,930)</b>
	<b>\$ (8,806,091)</b>	<b>\$ (16,076,128)</b>

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

For the year ended December 31	2017	2016
<b>Operations</b>		
Annual Surplus	\$ 7,553,356	\$ 7,721,833
Items not involving cash		
Amortization of tangible capital assets	14,911	
Change in non-cash operating items		
Accounts receivable and accrued interest	122,483	4,058
Accounts payable	1,759	(850,787)
Accrued interest payable	(54,345)	(171,389)
	<u>7,638,164</u>	<u>6,703,715</u>
<b>Capital activities:</b>		
Acquisition of tangible capital assets	(298,230)	-
	<u>(298,230)</u>	<u>-</u>
<b>Financing</b>		
Debt principal payments	(2,895,213)	(2,783,859)
	<u>(2,895,213)</u>	<u>(2,783,859)</u>
<b>Investing</b>		
Decrease (increase) in portfolio investments	(5,520,758)	891,971
	<u>(5,520,758)</u>	<u>891,971</u>
<b>Increase (decrease) in cash during the year</b>	<b>(1,076,037)</b>	<b>4,811,827</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>4,839,446</u></b>	<b><u>27,619</u></b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,763,409</b>	<b>\$ 4,839,446</b>

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

For the year ended December 31<sup>st</sup>, 2017

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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 0066,2017 and Section 17(2) of the Hospital District Act, administration fees of \$294,000 (2016 - \$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>, 2017

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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:

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Asset	Useful Life – Years
<hr/>	
Parking Lot	20

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

For the year ended December 31<sup>st</sup>, 2017

### 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.

	2017	2016
Cash	\$ 110,483	\$ 308,752
Cashable Term Deposit @ 1.5%	2,598,521	4,530,694
High Interest Savings Account	1,054,405	-
	<u>\$ 3,763,409</u>	<u>\$ 4,839,446</u>

### 2 Accounts Receivable

	2017	2016
Local Governments	\$ -	\$ 150,365
Federal/Provincial Government	6,865	8,012
Goods & Services Tax Rebates	15,259	-
Miscellaneous Accounts Receivable	1,643	-
	<u>\$ 23,767</u>	<u>\$ 158,377</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:

	2017	2016
Cash Deposits	\$ 841,286	\$ 825,193
Demand Notes	1,791,503	1,791,503
	<u>\$ 2,632,789</u>	<u>\$ 2,616,696</u>



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

For the year ended December 31<sup>st</sup>, 2017

### 4 Investments

	Amount	Effective Interest rate	Maturity Date
National Bank of Canada GIC	\$ 2,000,000	1.50%	March 9, 2018
Royal Bank of Canada GIC	600,000	0.90%	March 23, 2018
Royal Bank of Canada GIC	1,026,400	1.45%	March 23, 2018
Vancity GIC	2,500,000	1.30%	August 2, 2018
HSBC Bank GIC	4,000,000	1.80%	August 7, 2018
Coast Capital Savings GIC	3,400,000	1.90%	August 9, 2018
First West GIC	1,500,000	1.75%	November 1, 2018
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
BNS Bond	2,126,000	3.04%	October 18, 2019
Premium on purchase of bond	44,179		
	<u>\$ 24,287,085</u>		

Investments at December 31<sup>st</sup>, 2017 have a total carrying value of \$24,472,742 (2016 - \$18,955,950), consisting of investments of \$24,287,085 (2016 - \$18,766,327) and related accrued interest of \$185,657 (2016 - \$189,623). The market value of these investments at December 31<sup>st</sup>, 2017 is \$24,456,901 (2016 - \$18,955,950).

### 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.

	2017	2016
Due to Fraser Valley Regional District	\$ 592	\$ 1,383
Tenant Deposit	13,781	13,781
Miscellaneous Accounts Payable	2,550	-
	<u>\$ 16,923</u>	<u>\$ 15,164</u>

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

For the year ended December 31<sup>st</sup>, 2017

**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:

	2017	2016
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>(23,664,533)</b>	(20,769,320)
	<b>\$ 37,810,537</b>	\$ 40,705,750

Sinking fund instalments and interest for the next five years for debentures outstanding at December 31<sup>st</sup>, 2017 are as follows:

	Sinking Fund	Actuarial Adjustment	Total
2018	2,064,441	946,581	3,011,022
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 and beyond	11,194,708	10,307,161	21,501,869
	<b>\$ 21,516,913</b>	<b>16,293,624</b>	<b>37,810,537</b>

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

For the year ended December 31<sup>st</sup>, 2017

**7 Tangible Capital Assets**

<b>Cost</b>	Balance at December 31, 2016	Additions	Transfers and Disposals	Balance at December 31, 2017
Land	\$ 1,200,814	\$ -	\$ -	\$ 1,200,814
Land Improvements	-	298,230	-	298,230
<b>Total</b>	<b>\$ 1,200,814</b>	<b>\$ 298,230</b>	<b>\$ -</b>	<b>\$ 1,499,044</b>

<b>Accumulated amortization</b>	Balance at December 31, 2016	Disposals	Amortization expense	Balance at December 31, 2017
Land Improvements	\$ -	\$ -	\$ 14,911	\$ 14,911
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,911</b>	<b>\$ 14,911</b>

	Net book value December 31, 2016	Net book value December 31, 2017
Land	\$ 1,200,814	\$ 1,200,814
Land Improvements	-	283,319
<b>Total</b>	<b>\$ 1,200,814</b>	<b>\$ 1,484,133</b>

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

For the year ended December 31<sup>st</sup>, 2017

### 8 Restricted Assets

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

	2017	2016
Cash and Cash Equivalents	\$ 3,763,409	\$ 4,839,446
Investments	24,287,085	18,766,327
Accrued Interest Receivable	185,657	189,623
Accounts Receivable	23,767	158,377
MFA Debt Reserve Cash receivable	841,286	825,193
	<u>29,101,204</u>	<u>24,778,966</u>
Less restrictions for reserve fund	(28,617,235)	(23,598,235)
Owing to Tenant Deposit	(13,781)	(13,781)
Owing to Fraser Valley Regional District	(592)	(1,383)
Owing to Miscellaneous Accounts Payable	(2,550)	-
	<u>\$ 467,046</u>	<u>\$ 1,165,567</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:

	2017	2016
Appropriated		
Minor/Medium Equipment	\$ 2,246,994	\$ 2,246,994
Major Capital Projects	<u>26,370,241</u>	<u>21,351,241</u>
	<u>\$ 28,617,235</u>	<u>\$ 23,598,235</u>

**FRASER VALLEY REGIONAL HOSPITAL DISTRICT**

Schedule of Debenture Debt  
Year ended December 31, 2017

Regional District By-law No.	MFA Issuing By-law No.	TERM (years)	Year of Maturity	Original Issue	Outstanding Balance December 31, 2016	New Debt in 2017	Annual Debt Charges			Balance at December 31, 2017
							Interest	Principal	Actuarial Earnings	
21	99	20	2027	26,768,448	15,975,782	-	468,448	898,931	431,707	14,645,144
21	102	20	2027	12,206,623	7,868,525	-	588,359	409,920	173,524	7,285,081
42	105	20	2029	4,750,000	3,490,118	-	232,750	159,513	50,395	3,280,210
42	106	20	2029	10,000,000	7,347,612	-	413,000	335,818	106,095	6,905,699
42	110	20	2030	5,000,000	3,886,264	-	225,000	167,909	44,549	3,673,806
42	112	20	2030	2,750,000	2,137,449	-	102,575	92,350	24,502	2,020,597
				<u>\$ 61,475,071</u>	<u>\$ 40,705,750</u>	<u>\$ -</u>	<u>\$ 2,030,132</u>	<u>\$ 2,064,441</u>	<u>\$ 830,772</u>	<u>\$ 37,810,537</u>



# Fraser Valley Regional District

**Audit Findings Report  
For year ended December 31, 2017**

*KPMG LLP*

April 24, 2018

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

The contacts at KPMG in connection with this report are:

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Engagement Partner  
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# Executive summary

## Purpose of this report\*

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

- (1) Consolidated financial statements of the Fraser Valley Regional District ("Regional District") as at and for the year ended December 31, 2017, and
- (2) Consolidated financial statements of the Fraser Valley Regional Hospital District ("Hospital District") as at and for the year ended December 31, 2017.

## Audit materiality

### FRASER VALLEY REGIONAL DISTRICT

Materiality was determined based on the total expenses of the Regional District. For the year ended December 31, 2017 we determined materiality to be \$575,000.

### FRASER VALLEY REGIONAL HOSPITAL DISTRICT

Materiality was determined based on the total revenues of the Hospital District. For the year ended December 31, 2017 we determined materiality to be \$342,000.

## Adjustments and differences

We identified adjustment that were communicated to management and subsequently corrected in the consolidated financial statements.

We did not identify differences that remain uncorrected.

*See page 12.*

## Audit risks and results

We have not identified any significant financial reporting risks. However, as a part of our audit, we identified other areas of audit focus as follows:

### FRASER VALLEY REGIONAL DISTRICT

- Deferred revenues
- Capital asset additions
- Investments
- Chaumox Landfill asset retirement obligation

### FRASER VALLEY REGIONAL HOSPITAL DISTRICT

- Investments

\*This Audit Findings Report should not be used for any other purpose or by anyone other than the Board of Directors. 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

## Control and other observations

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

We have identified other observations with respect to the Chaumox Landfill asset retirement obligation.

*See page 13.*

## Significant accounting policies and practices

We have identified two initial selections of accounting policies in relation to the acquisition of the Vedder River Campground and to the commencement of operations of the 9005 Mary Street parking lot respectively.

*See page 11.*

## Independence

We confirm that we are independent with respect to the 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, 2017 to the date of this report.

## Finalizing the audit

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

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

We will update the Board on significant matters 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.

# How we deliver audit quality



# Materiality

The determination of materiality requires professional judgment and is based on a combination of quantitative and qualitative assessments including the nature of account balances and financial statement disclosures.

The first step is the determination of the amounts used for planning purposes as follows:

Materiality determination	Comments	Amount / Percentage
FRASER VALLEY REGIONAL DISTRICT		
Metrics	Relevant metrics included net assets, total revenues, and total expenses.	
Benchmark	Based on total expenses. This benchmark is consistent with the prior year.	\$22,061,000
Materiality	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 consolidated financial statements. The corresponding amount for the prior year's audit was \$550,000.	\$575,000
% of Benchmark	The corresponding percentage for the prior year's audit was 2.9%.	2.8%
Performance materiality	Used 75% of materiality, and used primarily to determine the nature, timing and extent of audit procedures. The corresponding amount for the prior year's audit was \$412,500.	\$430,000
Audit Misstatement Posting Threshold (AMPT)	Threshold used to accumulate misstatements identified during the audit. The corresponding amount for the previous year's audit was \$27,500.	\$28,000

# Materiality (continued)

Materiality determination	Comments	Amount / Percentage
FRASER VALLEY REGIONAL HOSPITAL DISTRICT		
Metrics	Relevant metrics included net assets, total revenues, and total expenses.	
Benchmark	Based on total revenues. This benchmark is consistent with the prior year.	\$11,483,000
Materiality	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 \$346,000.	\$342,000
% of Benchmark	The corresponding percentage for the prior year's audit was 3.0%.	3.0%
Performance materiality	Used 75% of materiality, and used primarily to determine the nature, timing and extent of audit procedures. The corresponding amount for the prior year's audit was \$259,000.	\$256,000
Audit Misstatement Posting Threshold (AMPT)	Threshold used to accumulate misstatements identified during the audit. The corresponding amount for the previous year's audit was \$17,300.	\$17,000

Professional standards require us to re-assess materiality at the completion of our audit based on period-end results or new information in order to confirm whether the amount determined for planning purposes remains appropriate. Our assessment of misstatements, if any, in amounts or disclosures at the completion of our audit will include the consideration of both quantitative and qualitative factors.

# Areas of focus

Inherent risk of material misstatement is the susceptibility of a balance or assertion to misstatement which could be material, individually or when aggregated with other misstatements, assuming that there are no related controls. We highlight our findings in respect of areas of audit focus.

Area of focus	Why	Our response and significant findings
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 received and deferred a material amount of government grants in 2017. Development levies and deferred revenues have increased \$11.3 million compared to 2016.	<p>The Regional District received a total of \$10.5 million in grants from the BC Provincial Government for the Nicomen Island Dike Widening Project and Nicomen Island Drainage Improvement Project. The funding was received in 2017, but the project start date has been postponed. The full \$10.5 million in grant revenue has been deferred.</p> <p><b>KPMG Comments</b></p> <ul style="list-style-type: none"> <li>• We confirmed the amount of funding through inspection of the funding agreements.</li> <li>• We inspected the agreement to confirm appropriateness of the deferral of revenues.</li> <li>• No issues were noted from our testing results.</li> </ul>
Capital Asset Additions  REGIONAL DISTRICT	The Regional District has acquired and constructed a material amount of capital assets in 2017. Capital assets have increased \$5.0 million compared to 2016.	<p>The Regional District continues to build and acquire assets to meet their strategic priorities to better provide services that meet the needs of the communities in the District.</p> <p><b>KPMG Comments</b></p> <ul style="list-style-type: none"> <li>• We obtained and inspected support for capital asset additions to confirm their cost and classification.</li> <li>• We inspected the agreement to confirm appropriateness of deferral of grant revenues.</li> <li>• See page Appendix 2 for adjustments made as a result of our audit procedures.</li> </ul>

## Areas of focus (continued)

Area of focus	Why	Our response and significant findings
Investments  REGIONAL DISTRICT	Investments in bonds and GICs have increased \$7.8 million compared to 2016.	<p>The Regional District continues to invest in bonds and GICs.</p> <p><b>KPMG Comments</b></p> <ul style="list-style-type: none"> <li>• We confirmed the value of investments at December 31, 2017 with the Regional District's investment advisors at Raymond James and National Bank Financial Wealth Management.</li> <li>• We performed substantive analytical procedures over investment income.</li> <li>• No issues were noted from our testing results.</li> </ul>
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.	<p>The Regional District is one of three partners in the Cascade Lower Canyon Community Forest Partnership ("Partnership").</p> <p><b>KPMG Comments</b></p> <ul style="list-style-type: none"> <li>• We obtained the March 31, 2017 audited financial statements of the Partnership and recalculated the value of the District's 1/3 interest and share of loss.</li> <li>• No issues were noted from our testing results.</li> </ul>

Areas of focus (continued) Area of focus	Why	Our response and significant findings
Chaumox Landfill Liability  REGIONAL DISTRICT	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. <b>KPMG Comments</b> <ul style="list-style-type: none"> <li>• We obtained and inspected the 2012 engineering report to confirm the estimated current and future closure and post-closure costs.</li> <li>• 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.</li> <li>• No differences were noted from our testing results, however KPMG recommends the District obtain an updated report to re-calculate the liability. We understand the District has engaged a specialist to prepare a new report, and that this is currently underway.</li> <li>• See page 13 for our recommendation.</li> </ul>
Investments  HOSPITAL DISTRICT	Investments in bonds and GICs have increased \$5.5 million compared to 2016.	The Hospital District continues to invest in bonds and GICs. <b>KPMG Comments</b> <ul style="list-style-type: none"> <li>• We confirmed the value of the portfolio at December 31, 2017 with the Hospital District's investment advisors at Raymond James and National Bank Wealth Management.</li> <li>• We performed substantive analytical procedures over investment income.</li> <li>• No issues were noted from our testing results.</li> </ul>

# Significant accounting policies and practices

Significant accounting policies and practices are disclosed in notes to the consolidated financial statements.

## Initial selections

The following new accounting policies and practices were selected and applied during the period:

### FRASER VALLEY REGIONAL DISTRICT

When the Regional District purchased the Vedder River Campground, the acquisition included the purchase of the License of Occupation with the Crown – an intangible asset.

Management has determined that the intangible asset will be depreciated over its useful life and has estimated the useful life to be 20 years, which includes the initial term of the License and one renewal term.

We consider the selection and application of this accounting policy to be appropriate.

### FRASER VALLEY REGIONAL HOSPITAL DISTRICT

The 9005 Mary Street parking lot has commenced operations; assets in use should be amortized.

Management has determined that the asset will be amortized over its useful life and has estimated the useful life of the parking lot to be 20 years.

We consider the selection and application of this accounting policy to be appropriate.



# 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 differences be corrected. We have already made this request of management.

## Corrected adjustments

The management representation letter includes all adjustments identified as a result of the audit, communicated to management and subsequently corrected in the consolidated financial statements.

## Uncorrected differences

We did not identify differences that remain uncorrected.

# Control observations

In accordance with professional standards, we are required to communicate to the Audit Committee any control deficiencies that we identified during the audit and have determined to be significant deficiencies in ICFR.

## Significant deficiencies

No significant deficiencies in ICFR were identified.

## Other observations

### **Observation and implication:**

It was identified that the engineering report used to calculate the asset retirement obligation related to the Chaumox Landfill was issued in 2012. Using a dated report to estimate the asset retirement obligation could lead to inaccurate reporting of the associated liability.

### **Recommendation:**

Although there is no material effect on the Regional District's December 31, 2017 consolidated financial statements, we recommend that an updated report be performed by a third party specialist in 2018 and that this updated report be used to calculate the asset retirement obligation in upcoming years. Further, we recommend that the engineering report be updated every three to four years to ensure the liability is appropriately measured.

It is our understanding that the Regional District has engaged an engineering firm to provide a new report and that updated report will be available for the December 31, 2018 financial reporting date.

# Appendices

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**Appendix 1: Required communications**

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**Appendix 2: Management representation letter**

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**Appendix 3: Financial statement trend analysis**

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**Appendix 4: Value for fees**

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**Appendix 5: Audit Quality and Risk Management**

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**Appendix 6: Background and professional standards**

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**Appendix 7: KPMG's Cyber Security Protocol**

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**Appendix 8: Current developments**

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# 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:

- **Required inquiries** – professional standards require that we obtain your views on risk of fraud. We make similar inquiries to management as part of our planning process.
- **Auditors' report** – the conclusion of our audit is set out in our draft auditors' report attached to the draft consolidated financial statements
- **Management representation letter** – In accordance with professional standards, copies of the management representation letter are provided to the Board. The management representation letter is attached.
- **Independence** – In accordance with professional standards, we have confirmed our independence on page 4.

## Appendix 2: Management representation letters

FRASER VALLEY REGIONAL DISTRICT  
45950 CHEAM AVENUE  
CHILLIWACK, BC V2P 1N6

KPMG LLP  
200-9123 Mary Street  
Chilliwack, BC V2P 4H7  
Canada

April 24, 2018

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the consolidated financial statements (hereinafter referred to as "financial statements") of Fraser Valley Regional District ("the Entity") as at and for the period ended December 31, 2017.

**GENERAL:**

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

**RESPONSIBILITIES:**

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated February 17, 2017, including for:
  - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
  - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements, such as all financial records and documentation and other matters, including (i) the names of all related parties and information regarding all relationships and transactions with related parties; and (ii) the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements, and providing you with access to such relevant information. All significant board and committee actions are included in the summaries.
  - c) providing you with additional information that you may request from us for the purpose of the engagement.
  - d) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
  - e) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.

- f) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- g) providing you with written representations that you are required to obtain under your professional standards and written representations that you determined are necessary.
- h) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that management, and others within the entity, did not intervene in the work the internal auditors performed for you.

**INTERNAL CONTROL OVER FINANCIAL REPORTING:**

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

**FRAUD & NON-COMPLIANCE WITH LAWS AND REGULATIONS:**

- 3) We have disclosed to you:
  - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud
  - b) all information in relation to fraud or suspected fraud that we are aware of and that affects the financial statements and involves: management, employees who have significant roles in internal control over financial reporting, or others, where the fraud could have a material effect on the financial statements.
  - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
  - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
  - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

**SUBSEQUENT EVENTS:**

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

**RELATED PARTIES:**

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

**ESTIMATES:**

- 8) Measurement methods and significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

**GOING CONCERN:**

- 9) We have provided you with all relevant information relevant to the use of the going concern assumption in the financial statements.

**MISSTATEMENTS:**

- 10) We approve the corrected misstatements identified by you during the audit described in Attachment II.

**NON-SEC REGISTRANTS OR NON-REPORTING ISSUERS:**

- 11) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002). We also confirm that the financial statements of the Entity will not be included in the consolidated financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Yours very truly,

---

By: Mr. Mike Veenbaas, Director of Financial Services / CFO



## **Attachment I – Definitions**

### **MATERIALITY**

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both.

### **FRAUD & ERROR**

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

### **RELATED PARTIES**

In accordance with Public Sector Accounting Standards *related party* is defined as:

- when one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other. Two or more parties are related when they are subject to common control, joint control or common significant influence. Related parties also include management and immediate family members.

In accordance with Public Sector Accounting Standards a *related party transaction* is defined as:

- a transfer of economic resources or obligations between related parties, or the provision of services by one party to a related party, regardless of whether any consideration is exchanged. The parties to the transaction are related prior to the transaction. When the relationship arises as a result of the transaction, the transaction is not one between related parties.

Attachment II

Summary of corrected misstatements

							Impact on financial statement captions - DR(CR)										
#	Account #	Account Name	Description / Identified During	Error Type	Amount	Income Effect DR (CR)	Balance Sheet Effect					Cash Flow Effect			Statement of Comprehensive Income - Debit (Credit)	Recorded by	
					DR (CR)	Income effect	Equity at period end	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Operating Activities	Investing Activities	Financing Activities			
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$			
1	12.01.01	Land	To adjust purchase of intangible asset and record amortization of intangible assets for the year.	Factual	(608,500)				(608,500)								
	12.03.01	Intangibles			608,500			608,500									
	12.03.11	Acc. Amortization - Intangibles			(30,425)			(30,425)									
	56.01	Amortization of intangibles			30,425		30,425										
Total effect of corrected misstatements							30,425		(30,425)								

FRASER VALLEY REGIONAL HOSPITAL DISTRICT  
45950 CHEAM AVENUE  
CHILLIWACK, BC V2P 1N6

KPMG LLP  
200-9123 Mary Street  
Chilliwack, BC V2P 4H7  
Canada

April 24, 2018

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as "financial statements") of Fraser Valley Regional Hospital District ("the Entity") as at and for the period ended December 31, 2017.

**GENERAL:**

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

**RESPONSIBILITIES:**

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated February 17, 2017, including for:
  - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
  - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements, such as all financial records and documentation and other matters, including (i) the names of all related parties and information regarding all relationships and transactions with related parties; and (ii) the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements, and providing you with access to such relevant information. All significant board and committee actions are included in the summaries.
  - c) providing you with additional information that you may request from us for the purpose of the engagement.
  - d) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
  - e) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
  - f) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

- g) providing you with written representations that you are required to obtain under your professional standards and written representations that you determined are necessary.
- h) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that management, and others within the entity, did not intervene in the work the internal auditors performed for you.

**INTERNAL CONTROL OVER FINANCIAL REPORTING:**

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

**FRAUD & NON-COMPLIANCE WITH LAWS AND REGULATIONS:**

- 3) We have disclosed to you:
  - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud
  - b) all information in relation to fraud or suspected fraud that we are aware of and that affects the financial statements and involves: management, employees who have significant roles in internal control over financial reporting, or others, where the fraud could have a material effect on the financial statements.
  - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
  - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
  - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

**SUBSEQUENT EVENTS:**

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

**RELATED PARTIES:**

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

**ESTIMATES:**

- 8) Measurement methods and significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

**GOING CONCERN:**

- 9) We have provided you with all relevant information relevant to the use of the going concern assumption in the financial statements.

**NON-SEC REGISTRANTS OR NON-REPORTING ISSUERS:**

- 10) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002). We also confirm that the financial statements of the Entity will not be included in the consolidated financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Yours very truly,

---

By: Mr. Mike Veenbaas, Director of Financial Services / CFO

## **Attachment I – Definitions**

### **MATERIALITY**

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both.

### **FRAUD & ERROR**

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

### **RELATED PARTIES**

In accordance with Public Sector Accounting Standards *related party* is defined as:

- when one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other. Two or more parties are related when they are subject to common control, joint control or common significant influence.

In accordance with Public Sector Accounting Standards a *related party transaction* is defined as:

- a transfer of economic resources or obligations between related parties, or the provision of services by one party to a related party, regardless of whether any consideration is exchanged. The parties to the transaction are related prior to the transaction. When the relationship arises as a result of the transaction, the transaction is not one between related parties.

# Appendix 3: Financial statement trend analysis

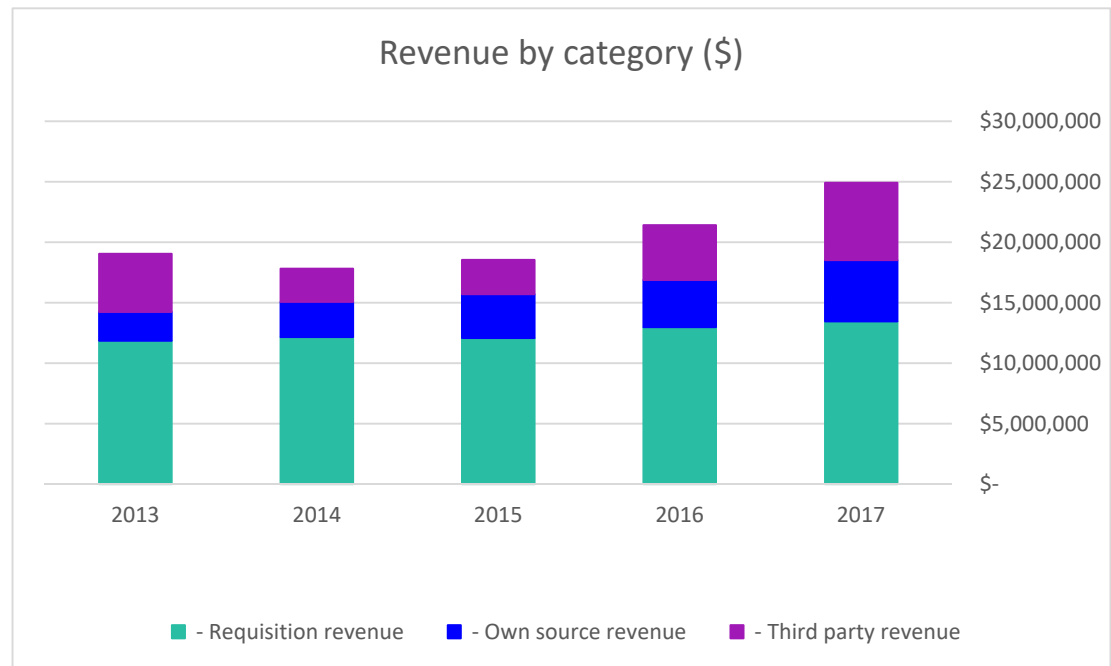
## FRASER VALLEY REGIONAL DISTRICT – 5 year trend analysis

Overall revenues have increased 17% compared to 2016 and have increased an average of 7% per year.

The greatest growth in revenues was seen in third-party revenues which includes investment income, government grants, developer contributions, and other third party contributions – these revenues have increased 19% from 2016 with an average increase of 18%. Third party revenues make up 26% of total revenues (2016 – 19%).

Own-source revenues make up 20% of total revenues (2016 – 19%) and have increased by an average of 12%. This includes utility service fees and sales of services.

Taxation revenues make up 54% of total revenues (2016 – 62%), and has increased an average of 2.0% per year.



## FRASER VALLEY REGIONAL DISTRICT – 5 year trend analysis (continued)

Total expenses (excluding amortization and depreciation) have increased 15% over the prior year (2016 – 4%) with an average increase of 8% per year.

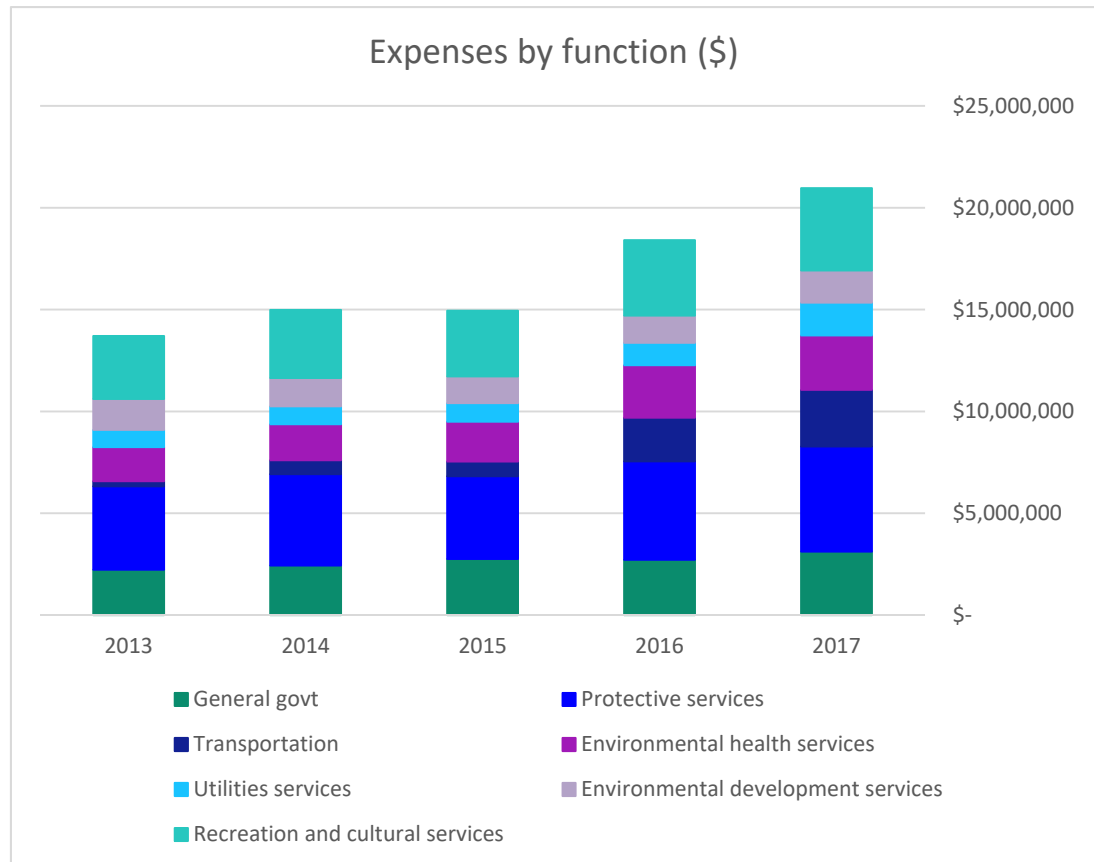
The greatest average growth in expenses was seen in transportation services. Transportation make up 13% of total expenses (2016 – 14%) and have increased an average of 33% per year.

Utilities services make up 7% of total expenses (2016 – 6%) and has increased an average of 13% per year.

Environmental health services make up 12% of total expenses (2016 – 12%) and have increased an average of 9% per year.

General government services make up 14% (2016 – 15%) of total expenses and have increased an average of 5% per year.

Protective, environmental development, and recreational and cultural services have experienced less growth, with average growth rates of 3%, 3%, and 4% per year, respectively.



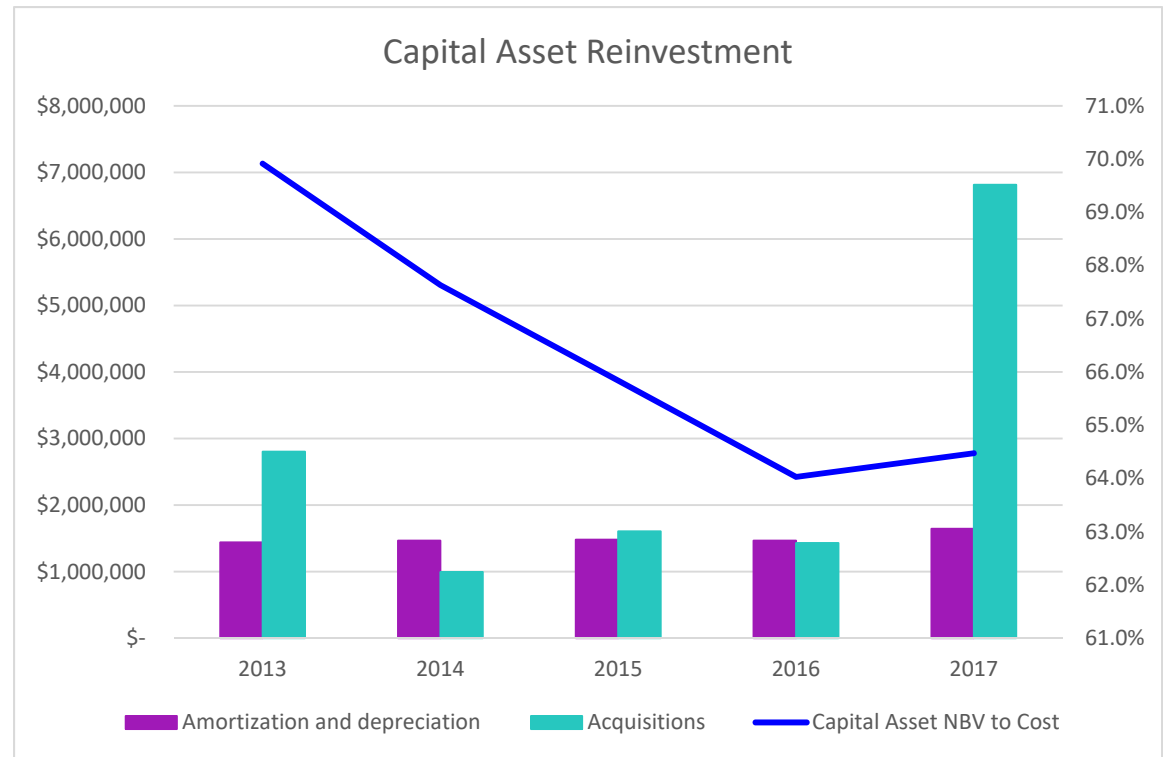


## FRASER VALLEY REGIONAL DISTRICT – 5 year trend analysis (continued)

Capital asset net book value to cost is a metric that can be used to analyse the District's infrastructure. Total capital asset NBV as a percentage of cost has remained consistent with 2016 at around 64%. The decline in this metric from 2013 to 2016 indicated aging infrastructure, and the plateau in 2017 is a result of the District's significant investment in capital assets during the year.

Total annual acquisition of capital assets has increased to nearly \$7.0 million. This is a significant increase over prior years where annual capital asset acquisition averaged about \$1.7 million per year. \$4.8 million of the acquisitions in 2017 remain in assets under construction at year end.

Amortization and depreciation has remained consistent at approximately \$1.5 million per year but can be expected to increase as the District acquires and constructs more capital assets and invests in infrastructure.

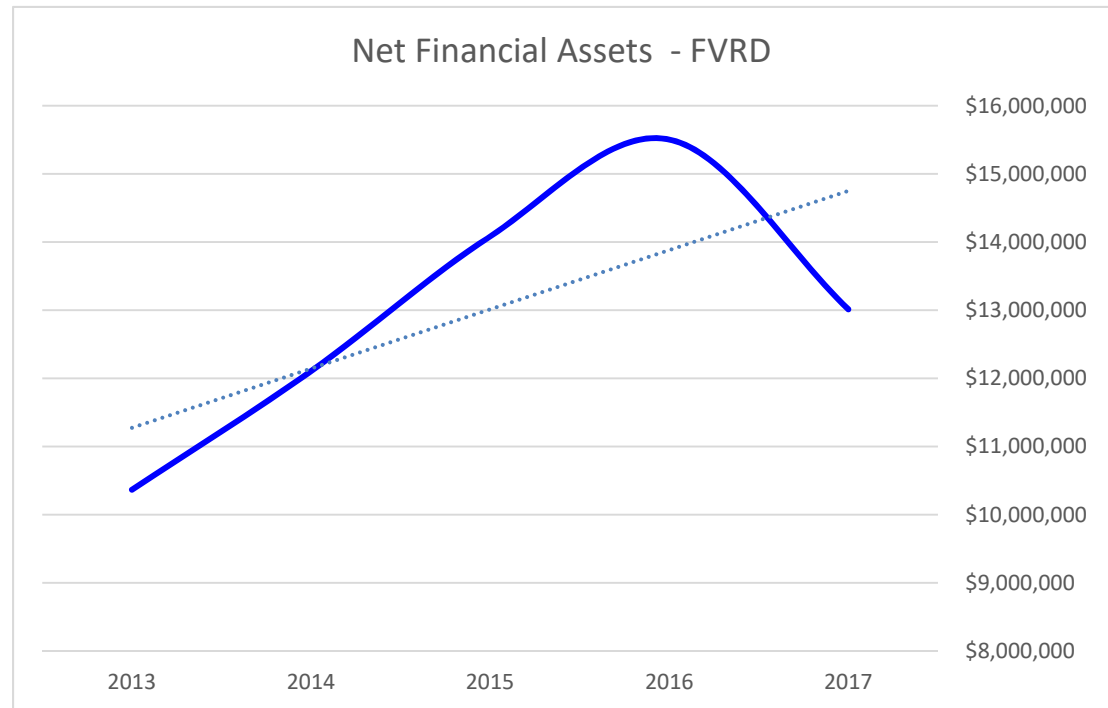


## FRASER VALLEY REGIONAL DISTRICT – 5 year trend analysis (continued)

Net financial assets is a measurement of the available financial resources that the Regional District has to finance future operations.

On average, net financial assets has increased at a rate of 4.7% per year, representing an accumulation of financial assets and unspent revenues.

In the current year, net financial assets has decreased 16% from 2016. This is a result of the Regional District's significant investment in capital assets funded from their own resources.

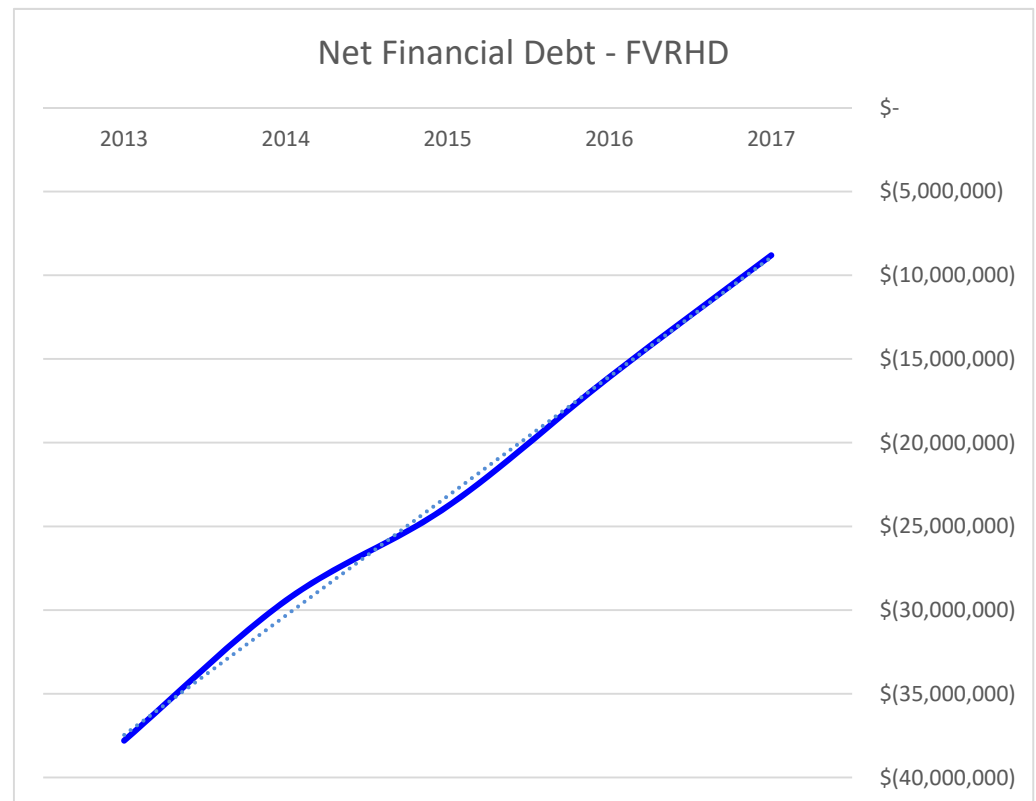


## FRASER VALLEY REGIONAL HOSPITAL DISTRICT – 5 year trend analysis

Net financial debt is a measurement of the net indebtedness that the Hospital District is carrying from period-to-period.

The net financial debt has been decreasing at an average rate of 25.3% per year with a decrease of 45% when compared to 2016. This represents an accumulation of financial assets and paying down of indebtedness. Specifically, investments have increased \$5.5 million and debenture debt has decreased \$2.9 million compared to 2016.

We note that FVRHD is able to reduce this debt from future requisitions.



# Appendix 4: Value for fees

## The Value of our Audit Services

We recognize that the primary objective of our engagement is the completion of the audit of the consolidated financial statements in accordance with professional standards. We also believe that our role as external auditor of the District and the access to information and people in conjunction with our audit procedures, place us in a position to provide other forms of value. We know that you expect this of us.

We understand your expectations. To facilitate a discussion (either in the upcoming meeting or in separate discussions), we have outlined some of the attributes of our team and our processes that we believe enhanced the value of our audit service. We recognize that certain of these items are necessary components of a rigorous audit.

We welcome your feedback.

- Extensive industry experience on our audit team – as you have experienced, the senior members of our team have extensive experience in audits of organizations in the public sector. This experience ensures that we are well positioned to identify and discuss observations and insights that are important to you.
- Current development update sessions – we organize seminars for our clients on current developments on financial reporting and other matters that are likely to be significant to the District and your team. These sessions will assist the District in proactively responding to / addressing financial reporting and regulatory changes.
- Involvement of specialists – Our audit team is supported by KPMG specialists in CRA compliance and information risk management. We expect each of these specialists to provide insights and observations as a result of their audit support processes.

# Appendix 5: 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 summarises the six key elements of our quality control systems.

Visit our [Audit Quality Resources page](#) for more information including access to our audit quality report, [Audit quality: Our hands-on process](#).

— Other controls include:

- Before the firm issues its audit report, the Engagement Quality Control Review 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; and
  - 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.

# Appendix 6: Background and professional standards

## Internal control over financial reporting

As your auditors, we are required to obtain an understanding of internal control over financial reporting (ICFR) relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

Our understanding of ICFR was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies and therefore, there can be no assurance that all significant deficiencies and other control deficiencies have been identified. Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors.

The control deficiencies communicated to you are limited to those control deficiencies that we identified during the audit.

## Documents containing or referring to the audited consolidated financial statements

We are required by our professional standards to read only documents containing or referring to audited consolidated financial statements and our related auditors' report that are available through to the date of our auditors' report. The objective of reading these documents through to the date of our auditors' report is to identify material inconsistencies, if any, between the audited consolidated financial statements and the other information. We also have certain responsibilities, if on reading the other information for the purpose of identifying material inconsistencies, we become aware of an apparent material misstatement of fact.

We are also required by our professional standards when the consolidated financial statements are translated into another language to consider whether each version, available through to the date of our auditors' report, contains the same information and carries the same meaning.

# Appendix 7: KPMG's Cyber Security Protocol

This summary is intended to provide management and the Board with some insight into KPMG's strategies and procedures regarding our cyber defence.

## KPMG Global

KPMG Global provides managed security services for member firms which includes 24x7 monitoring and alerting services to identify potential attacks on our environment. We use a series of centrally managed firewalls among our network of member firms to identify and address potential attacks to member firms and to prevent attacks from spreading between member firms. This approach was in place during the Wanna Cry outbreak and was a critical element in our successful defence against that incident.

KPMG Global has also implemented enhanced email protection to address malware and attacks through email and we have implemented automated vulnerability detection services. This service scans equipment that is exposed to the Internet and identifies known vulnerabilities on a real-time basis. "Good housekeeping" is a central tenet of our approach and we continue to focus on known vulnerabilities and patching.

KPMG Global believes the cloud represents a secure environment when appropriately configured and monitored as a platform to deliver services. Our approach to secure the cloud includes deploying full-time, dedicated security and privacy resources, integrating the cloud platform into our managed security services to promote "good housekeeping," and deploying a continuous monitoring plan for each of the cloud platforms that we deploy to member firms and to our clients.

KPMG Global has invested heavily in enhancing the security of our environment, evidenced by the introduction of our Global Security Operations Centre, managed services and other enhancements to our cyber defence.

## KPMG Canada Approach

- KPMG Canada does not currently use Office 365 or Cloud based email.
- Cloud environments provide robust security when properly configured, with proper password management.
- The Canadian firm's email servers are hosted in Canada and controlled and managed by KPMG Canada.
- In compliance with our global security controls, we enforce strong passwords that need to be renewed at regular intervals.
- We also maintain a specific IT security platform for the maintenance and management of privileged accounts.
- KPMG's Information Security Program is built on a comprehensive framework of policies, standards, and processes based on ISO 27001:2013.
- KPMG's security requirements are set out in Global Information Security Policies and Standards (GISP).
- The Canadian firm undergoes an internal audit every year to ensure compliance to key security controls in the GISP.
- Every three years, the Canadian firm goes through a Compliance Review conducted by a team from non-Canadian member firms.

# Appendix 8: Current developments

The following is a summary of the current developments that are relevant to the District:

## Canadian public sector accounting standards

Standard	Summary and implications
Related Party Transactions and Inter-entity Transactions	<ul style="list-style-type: none"> <li>— Two new Handbook sections were approved in December 2014, effective for fiscal years beginning on or after April 1, 2017.</li> <li>— Related parties include entities that control or are controlled by a reporting entity, entities that are under common control and entities that have shared control over or that are subject to shared control of a reporting entity.</li> <li>— Individuals that are members of key management personnel and close members of their family are related parties. Disclosure of key management personnel compensation arrangements, expense allowances and other similar payments routinely paid in exchange for services rendered is not required.</li> <li>— Determining which related party transactions to disclose is a matter of judgment based on assessment of:               <ul style="list-style-type: none"> <li>• the terms and conditions underlying the transactions;</li> <li>• the financial significance of the transactions;</li> <li>• the relevance of the information; and</li> <li>• the need for the information to enable users' understanding of the consolidated financial statements and for making comparisons.</li> </ul> </li> <li>— A related party transaction, with the exception of contributed goods and services, should normally be recognized by both a provider organization and a recipient organization on a gross basis.</li> <li>— Related party transactions, if recognized, should be recorded at the exchange amount. A public sector entity's policy, budget practices or accountability structures may dictate that the exchange amount is the carrying amount, consideration paid or received or fair value.</li> </ul>



Standard	Summary and implications
Asset Retirement Obligations	<ul style="list-style-type: none"> <li>— A new standard is under development addressing the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs would be recognized as an integral cost of owning and operating tangible capital assets. PSAB currently contains no specific guidance in this area.</li> <li>— PSAB recently released an Exposure Draft following the consideration of comments received in response to the previously released Statement of Principles. Responses are currently under deliberation.</li> <li>— The proposed ARO standard would require the District to record a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets ("TCA").</li> <li>— As a result of the proposed standard, the Regional District would have to <ul style="list-style-type: none"> <li>○ consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset;</li> <li>○ carefully review legal agreements, senior government directives and legislation in relation to all controlled TCA to determine if any legal obligations exist with respect to asset retirements; and</li> <li>○ begin considering the potential effects on the organization as soon as possible to coordinate with resources outside the finance department to identify AROs and obtain information to estimate the value of potential AROs to avoid unexpected issues.</li> </ul> </li> <li>— The Exposure Draft has a proposed effective date of April 1, 2021 for the standard.</li> </ul>

Standard	Summary and implications
Employee future benefit obligations	<ul style="list-style-type: none"> <li>— Given the complexity of issues involved and potential implications of any changes that may arise from review of PS3250 Retirement Benefits and PS3255 Post-Employment Benefits, PSAB is undertaking this project in phases. Phase I will address specific issues related to measurement of employment benefits. Phase II will address accounting for plans with risk sharing features, multi-employer defined benefit plans and sick leave benefits.</li> <li>— An Invitation to comment was issued in November 2016 and closed March 2017, seeking guidance on whether the deferral provisions in existing public sector standards remain appropriate and justified and the appropriateness of accounting for various components of changes in the value of the accrued benefit obligation and plan assets. Responses are currently under deliberation.</li> <li>— The ultimate objective of this project is to issue a new employment benefits section to replace existing guidance.</li> </ul>
Revenue	<ul style="list-style-type: none"> <li>— PSAB is proposing a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement.</li> <li>— An Exposure Draft (ED) was issued in May 2017 seeking feedback from stakeholders. Responses are currently under deliberation.</li> <li>— The ED proposes that in the case of revenues arising from an exchange, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations.</li> <li>— The ED proposes that unilateral revenues arise when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.</li> <li>— The new section would be applied retroactively with restatement for fiscal years beginning on or after April 1, 2021.</li> </ul>
Assets, Contingent Assets and Contractual Rights	<ul style="list-style-type: none"> <li>— Three new Handbook sections were approved in March 2015, effective for fiscal years beginning on or after April 1, 2017.</li> <li>— The intended outcome of the three new Handbook Sections is improved consistency and comparability.</li> <li>— The standard includes enhanced guidance on the definition of assets and disclosure of assets to provide users with better information about the types of resources available to the public sector entity.</li> <li>— Disclosure of contingent assets and contractual rights is required to provide users with information about the nature, extent and timing of future assets and potential assets and revenues available to the public sector entity when the terms of those contracts are met.</li> </ul>

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



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# **FRASER VALLEY REGIONAL HOSPITAL DISTRICT**

## **BOARD MEETING**

### **OPEN MEETING MINUTES**

Tuesday, March 27, 2018

7:00 pm

FVRD Boardroom, 45950 Cheam Avenue, Chilliwack, BC

Members Present	Director Henry Braun, City of Abbotsford, Chair Director Dennis Adamson, Electoral Area B Director Pam Alexis, District of Mission Director Ray Boucher, Electoral Area F Director Kelly Chahal, City of Abbotsford 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 Sharon Gaetz, City of Chilliwack Director Moe Gill, City of Abbotsford Director Jim Hinds, District of Mission Director Dave Loewen, City of Abbotsford Director Jason Lum, City of Chilliwack, Chair Director Alec Niemi, Electoral Area C Director Terry Raymond, Electoral Area A Director Patricia Ross, City of Abbotsford Director Chuck Stam, City of Chilliwack Director Al Stobbart, Electoral Area G Director John Van Laerhoven, District of Kent Alt. Director Brenda Falk, City of Abbotsford Alt. Director Chris Kloot, City of Chilliwack
Regrets	Director Wilfried Vicktor, District of Hope Director Sam Waddington, City of Chilliwack Director Ross Siemens, City of Abbotsford
Staff Present	Paul Gipps, Chief Administrative Officer Mike Veenbaas, Director of Financial Services Suzanne Gresham, Director of Corporate Initiatives

Barclay Pitkethly, Director of Regional Programs  
Tareq Islam, Director of Engineering and Community Services  
Margaret Thornton, Director of Planning & Development  
Stacey Barker, Deputy Director of Regional Programs  
Jaime Schween, Manager of Corporate Administration  
Jennifer Kinneman, Manager of Corporate Affairs & Strategic Communications  
Alison Stewart, Manager of Strategic Planning  
Lance Lilley, Planner II – Environmental Planning  
Jamie Benton, Environmental Services Coordinator  
Matthew Fang, Network Analyst I  
Chris Lee, Executive Assistant  
Amanda Molloy, Executive Assistant to CAO and Board (Recording Secretary)

6 members of the public were in attendance.

**1. CALL TO ORDER**

The open meeting was called to order at 7:02pm.

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

Moved By FACIO  
Seconded By ADAMSON

**THAT** the Agenda, Addenda and Late Items for the Fraser Valley Regional Hospital District Board Open Meeting of March 27, 2018 be approved:

**AND THAT** all delegations, 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 27, 2018**

Moved By NIEMI  
Seconded By VAN LAERHOVEN

**THAT** the Minutes of the Fraser Valley Regional Hospital District Board Open Meeting of February 27, 2018 be adopted.

**CARRIED**

**All/Unweighted**

**3.2 Fraser Valley Regional Hospital District Committee of the Whole - February 27, 2018**

It was noted that there was minor error on the minutes, with Director Kelly Chahal as being listed as from the City of Chilliwack.

Moved By RAYMOND  
Seconded By LUM

**THAT** the Minutes of the Fraser Valley Regional Hospital District Committee of the Whole Open Meeting of February 27, 2018 be adopted, with the correction to the attendance list of "Director Kelly Chahal, City of Abbotsford".

**CARRIED**

**All/Unweighted**

**4. NEW BUSINESS**

**4.1 Fraser Health Authority 2017/2018 Funding Request**

It was noted that the Mission Memorial Hospital Community Health Centre expansion has already taken place. Discussion ensued regarding the proposed electrical upgrades for the Fraser Canyon Hospital, with concerns that electrical repairs are considered maintenance rather than a capital investment. It was noted that staff will address this concern in a letter to the Fraser Health Authority.

Moved By STAM  
Seconded By ALEXIS

**THAT** the Fraser Valley Regional Hospital District authorize a payment of \$1.8 million to Fraser Health Authority, representing the Hospital District's financial contribution to the 2017/2018 Capital Investments approved in the Fraser East Region.

**CARRIED**

**All/Weighted**

Moved By RAYMOND  
Seconded By ALEXIS

**THAT** the Fraser Valley Regional Hospital District authorize a payment of \$3.33 million to Fraser Health Authority to fund the Fraser Canyon Hospital Electrical System Upgrade and the Mission Memorial Hospital Community Health Centre Expansion from the Major Capital Projects Reserve.

**CARRIED**

**All/Weighted**

**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 CHAHAL  
Seconded By FALK

**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*.

**CARRIED**

**All/Unweighted**

The open meeting recessed at 7:08pm

**9. RECONVENE OPEN MEETING**

The open meeting reconvened at 9:08pm.

**10. RISE AND REPORT OUT OF CLOSED MEETING**

None.

**11. ADJOURNMENT**

Moved By KLOOT  
Seconded By GILL

**THAT** the Fraser Valley Regional Hospital District Board Open Meeting of March 27, 2018 be adjourned.

**CARRIED**

**All/Unweighted**

The open meeting adjourned at 9:08pm.

MINUTES CERTIFIED CORRECT

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Director Henry Braun, Chair

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Corporate Officer/Deputy



To: Fraser Valley Regional Hospital District Board  
From: Mike Veenbaas, Director of Financial Services  
**Subject: 2018 Annual Budget Amendment Bylaw**

Date: April 24, 2018  
File No: HD1700/30

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## RECOMMENDATION

**THAT** the Fraser Valley Regional Hospital District Board consider giving three readings and adoption to Fraser Valley Regional Hospital District 2018 Annual Budget Amendment Bylaw No. 0071, 2018.

## BACKGROUND

At the February Hospital District Board meeting, Bylaw 0070, 2018 received Board adoption, setting the 2018-2022 Annual Budget. At the March 27<sup>th</sup> Board meeting, the Board resolved to provide Fraser Health Authority \$1.8 million for minor/medium capital funding requests and \$3.33 million for major capital funding requests.

## DISCUSSION

The 2018 Annual Budget adopted in February provided for the inclusion of the minor/medium funding request, however, the major capital funding request was not contemplated at that time. Following the Board's direction in March the 2018 annual budget must be amended to officially allow for the transfer of \$3.33 million from the major capital reserve.

## COST

The major capital contribution of \$3.33 million provided to Fraser Health is being funded from the Major Capital Reserve. Funding is available as a result of construction delays realized by Fraser Health with the Abbotsford residential care facility project.

## CONCLUSION

The 2018 annual budget requires an amendment to incorporate the \$3.33 million in major capital project funding provided by the Hospital District Board to Fraser Health.

## COMMENT BY:

Paul Gipps, Chief Administrative Officer

Reviewed and supported

**FRASER VALLEY REGIONAL HOSPITAL DISTRICT**

**BYLAW NO. 0071, 2018**

**A Bylaw to amend the Hospital District Annual Budget for the Year 2018**

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The Fraser Valley Regional Hospital District Board of Directors enacts as follows:

**1) CITATION**

This bylaw may be cited as *Fraser Valley Regional Hospital District 2018 Annual Budget Amendment Bylaw No. 0071, 2018*.

**2) ENACTMENTS**

Schedules A and B attached hereto and an integral part of this bylaw is the Annual Budget for the Fraser Valley Regional Hospital District for the year ending the 31st day of December 2018.

**3) SEVERABILITY**

If a portion of this bylaw is found invalid by a court, it will be severed and the remainder of the bylaw will remain in effect.

**4) READINGS AND ADOPTION**

READ A FIRST TIME THIS                      day of

READ A SECOND TIME THIS                      day of

READ A THIRD TIME THIS                      day of

ADOPTED THIS                      day of

\_\_\_\_\_  
Chair/Vice-Chair

\_\_\_\_\_  
Corporate Officer/Deputy

**5) CERTIFICATIONS**

I hereby certify this is a true and correct copy of *Fraser Valley Regional Hospital District 2018 Annual Budget Amendment Bylaw No. 0071, 2018*, as adopted by the Fraser Valley Regional Hospital District Board of Directors on the    day of

Dated at Chilliwack, B.C. this    day of

\_\_\_\_\_  
Corporate Officer/Deputy

DRAFT

**FRASER VALLEY REGIONAL HOSPITAL DISTRICT****2018 ANNUAL BUDGET  
Schedule A of Bylaw No. 0071, 2018**

	<b><u>2017 ANNUAL BUDGET</u></b>	<b><u>2017 ANNUAL ACTUAL</u></b>	<b><u>2018 ANNUAL BUDGET</u></b>
<b>REVENUE</b>			
Tax Requisition	\$ 10,924,000	\$ 10,905,946	\$ 11,175,300
Grants in Lieu of Taxes	160,000	146,488	160,000
Interest Income	418,100	403,618	429,400
Miscellaneous Revenue	4,000	27,407	39,300
<b>TOTAL REVENUE</b>	<b>\$ 11,506,100</b>	<b>\$ 11,483,459</b>	<b>\$ 11,804,000</b>
<b>EXPENSES</b>			
Administration Recovery	\$ 294,250	\$ 294,000	\$ 350,000
Operating Expenses	-	33,028	14,680
Interest on Long Term Debt			
Abbotsford Hospital/Cancer Centre	1,056,800	413,229	743,100
Chilliwack General Hospital	973,330	731,785	973,330
Contributions to Hospital Foundations	-	643,150	-
Contributions to Fraser Health Authority			
Minor & Medium Equipment	1,800,000	1,800,000	1,800,000
Major Capital Projects	1,200,000	-	3,600,000
<b>TOTAL EXPENDITURES</b>	<b>\$ 5,324,380</b>	<b>\$ 3,915,192</b>	<b>\$ 7,481,110</b>
<b>NET SURPLUS / (DEFICIT)</b>	<b>\$ 6,181,720</b>	<b>\$ 7,568,267</b>	<b>\$ 4,322,890</b>
<b>FUNDING &amp; RESERVE FUND ACTIVITIES</b>			
Transfer From Reserve Funds			
Capital Reserves	3,300,000	2,098,230	5,400,000
Principal payments on Long Term Debt			
Abbotsford Hospital/Cancer Centre	(1,308,900)	(1,926,645)	(1,308,900)
Chilliwack General Hospital	(755,590)	(997,129)	(755,590)
Capital Acquisitions	(300,000)	(298,230)	-
Transfers To Reserve Funds			
Interest Earnings	-	-	(429,400)
Early Debt Retirement	-	-	(565,000)
Minor & Medium Equipment	(1,800,000)	(1,800,000)	(1,800,000)
Major Capital Projects	(5,317,230)	(5,317,230)	(4,864,000)
	<b>\$ (6,181,720)</b>	<b>\$ (8,241,004)</b>	<b>\$ (4,322,890)</b>
<b>NET SURPLUS (DEFICIT)</b>	<b>\$ -</b>	<b>\$ (672,737)</b>	<b>\$ -</b>

## FRASER VALLEY REGIONAL HOSPITAL DISTRICT

## 2018 ANNUAL BUDGET

## Schedule B of Bylaw No. 0071, 2018

	2018 Financial Plan	2019 Financial Plan	2020 Financial Plan	2021 Financial Plan	2022 Financial Plan
<b>REVENUES:</b>					
Tax Rate Increase	0.00%	0.00%	0.08%	0.08%	0.08%
<b>Annual Revenue</b>					
Tax Requisition	\$ 10,924,000	\$ 11,175,300	\$ 11,403,300	\$ 11,636,300	\$ 11,873,800
Tax Requisition - Growth	251,300	218,500	223,500	228,100	232,700
Grants in Lieu of Taxes	160,000	160,000	160,000	160,000	160,000
Interest Income	429,400	417,400	274,500	175,800	265,100
Miscellaneous Revenue	39,300	51,300	52,300	53,300	54,400
	<u>11,804,000</u>	<u>12,022,500</u>	<u>12,113,600</u>	<u>12,253,500</u>	<u>12,586,000</u>
<b>Financing &amp; Reserve Fund Activities:</b>					
Reserve - Minor/Medium Equipment	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Reserve - Major Capital Projects	3,600,000	6,500,000	16,000,000	13,100,000	-
	<u>5,400,000</u>	<u>8,300,000</u>	<u>17,800,000</u>	<u>14,900,000</u>	<u>1,800,000</u>
<b>Total Revenue</b>	<u>\$ 17,204,000</u>	<u>\$ 20,322,500</u>	<u>\$ 29,913,600</u>	<u>\$ 27,153,500</u>	<u>\$ 14,386,000</u>
<b>EXPENSES:</b>					
<b>Services &amp; Supplies</b>					
Administration Recovery - Regional District	\$ 350,000	\$ 360,000	\$ 370,000	\$ 380,000	\$ 390,000
Operating Expenses	14,680	16,680	17,180	17,680	18,180
Long Term Debt					
- Interest - AHCC	743,100	743,100	743,100	743,100	743,100
- Interest - CGH	973,330	973,330	973,330	973,330	973,330
Contribution to FHA Minor/Medium Equipment	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Contribution to FHA Major Capital	3,300,000	-	-	-	-
Contributions to Abbotsford Campus of Care	300,000	4,500,000	8,000,000	5,500,000	-
Contributions to Chilliwack Campus of Care	-	2,000,000	8,000,000	7,600,000	-
	<u>7,481,110</u>	<u>10,393,110</u>	<u>19,903,610</u>	<u>17,014,110</u>	<u>3,924,610</u>
<b>Financing &amp; Reserve Fund Activities:</b>					
Long Term Debt					
- Principal - AHCC	1,308,900	1,308,900	1,308,900	1,308,900	1,308,900
- Principal - CGH	755,590	755,590	755,590	755,590	755,590
Capital Acquisitions	-	-	-	-	-
Transfer to Reserve - Interest Earnings	429,400	417,400	274,500	175,800	265,100
Transfer to Reserve - Early Debt Retirement	565,000	783,500	1,007,000	1,235,100	1,467,800
Transfer to Reserve - Minor/Medium Equip.	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Transfer to Reserve - Capital Projects	4,864,000	4,864,000	4,864,000	4,864,000	4,864,000
	<u>9,722,890</u>	<u>9,929,390</u>	<u>10,009,990</u>	<u>10,139,390</u>	<u>10,461,390</u>
<b>Total Expenditure</b>	<u>\$ 17,204,000</u>	<u>\$ 20,322,500</u>	<u>\$ 29,913,600</u>	<u>\$ 27,153,500</u>	<u>\$ 14,386,000</u>
<b>NET SURPLUS (DEFICIT)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>