



CORPORATE REPORT

To: Fraser Valley Regional Hospital District Board
From: Mike Veenbaas, Director of Financial Services
Subject: **2018-2022 Annual Budget**

Date: February 27, 2018
File No: HD1700/30

RECOMMENDATION

THAT the Fraser Valley Regional Hospital District Board consider giving three readings and adoption to Fraser Valley Regional Hospital District 2018 Annual Budget Bylaw No. 0070, 2018.

BACKGROUND

In December 2017, the Hospital District Board adopted the 2018 Provisional Budget and as per Section 23 of the Hospital District Act, the Board must adopt a 2018 Annual Budget by March 31, 2018.

DISCUSSION

The 2018 Annual Budget is being presented to the Board for consideration following the adoption of the 2018 Provisional Budget. The 2018 Annual Budget reflects actual financial results realized in 2017 and any new information received since the provisional budget. This includes a slight adjustment to expected non-market change growth from 2.5% down to 2.3% based on the 2018 BC Assessment Completed Roll.

To refresh the Board, the 2018 Annual Budget includes the following changes from the 2017 Annual Budget:

- Annual increases to the funding from tax requisition in keeping with projected non-market change (new construction) assessment growth in the region. The Annual Budget has been prepared using 2.3% which is based on the 2018 BC Assessment Completed Roll.
- Inclusion of revenue and associated operating expenses for the Mary St. parking lot.
- Increase in the Administration Recovery that is allocated back to the Regional District as no direct staffing, building or administrative costs are charged to the Hospital District. The current recovery level has been unchanged since 2013.
- Allocating funds to a new operating reserve called "Early Debt Retirement" to provide options for the Board at the time of debenture refinancing. The funding will come from interest savings on existing debt refinanced and requisition increase from new construction growth.

In addition, the proposed 2018 Annual Budget continues with the following items from the 2017 Annual Budget:

- Continuing to put funds into a Major Capital Projects reserve to be used to fund the Board's financial commitment to Fraser Health Authority (FHA) for regional healthcare projects.

- Continuing to allocate \$1.8 million per annum to fund the Hospital District's share of FHA minor and medium facility/equipment projects.

COST

The proposed 2018 Annual Budget maintains the base taxation requisition at existing levels while anticipating an additional \$251,300 to be collected from new construction assessment growth.

CONCLUSION

The Hospital District Act requires the Board to adopt an annual budget by March 31st which is then used to set taxation rates. The proposed Annual budget accommodates some changes from the adopted Provisional budget based on updated assessment information.

COMMENT BY:

Paul Gipps, Chief Administrative Officer:

Reviewed and supported