



CORPORATE REPORT

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

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 50th 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 31st, 2017 the total appropriated for reserves is:

- Minor/Medium Capital \$2,246,994
- Major Capital Projects 26,370,241
- \$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