



## Staff Report

**DATE:** October 5, 2017

**FILE:** H-AB

**TO:** Chair and Directors  
Regional Hospital District Board

**FROM:** Russell Dyson  
Chief Administrative Officer

Supported by Russell Dyson  
Chief Administrative Officer

**RE:** **2018 Provisional Budget**

*R. Dyson*

### **Purpose**

To adopt the 2018 provisional budget for the Comox Strathcona Regional Hospital District (CSRHD).

### **Recommendation from the Chief Administrative Officer**

THAT the 2018 provisional budget for the Comox Strathcona Regional Hospital District (CSRHD) be adopted.

### **Executive Summary**

The provisional budget is a legislative requirement and provides the authority for expenditures until it is replaced by the annual budget adopted by the board before March 31, 2018.

The 2018 provisional budget includes:

- Annual funding allocation of \$1,850,000 for minor equipment and projects (\$5,000 up to < \$1,500,000). This will be funded entirely through current year taxation.
- Annual unconditional grants of \$5,000 per named health facility other than hospitals, totaling \$35,000, as per the CSRHD financial planning policy.
- Major capital projects greater than \$1.5 million:
  - Per memorandum of understanding with Island Health and the cash flow submitted in 2014, \$7.57 million is included for the North Island hospitals project (NIHP).
  - Interim financing interest for the NIHP in the amount of \$1.94 million, plus \$12.5 million pay-down on the principal
- The 2018 requisition of \$17,000,000 is unchanged from prior years translating to a 2018 proposed residential rate per \$1,000 taxable value of \$0.7581.

Prepared by:

Concurrence:

Concurrence:

**R. Wyka**

**K. Douville**

**B. Dunlop**

---

Renata Wyka, CPA, CGA  
Senior financial accounting  
technician

---

Kevin Douville  
A/Manager of financial  
planning

---

Beth Dunlop, CPPB, CPA, CGA  
Corporate Financial  
Officer

**Stakeholder Distribution (Upon Agenda Publication)**

Island Health	✓
---------------	---

**Background/Current Situation**

The provisional budget is being presented with very little change from the prior year other than the entries for the NIHP. Appendix B contains the consolidated budget, and as per the financial planning policy, details and prior years’ comparisons are provided in appendices C and D.

Capital projects/equipment \$5,000 to \$1,500,000

The CSRHD financial planning policy provides for an annual fixed allocation of \$1,850,000 towards Island Health’s annual equipment/project needs under \$1.5 million. The allocation represents a 40 per cent share of capital equipment/project costs with Island Health providing the balance of 60 per cent, with the exception of the Cumberland Regional Laundry Society for which the 40 percent is evenly shared with the Nanaimo Regional Hospital District. The provisional budget includes the full allocation.

Prior year projects are assumed complete for the purposes of the provisional budget. This allows us to clearly see the current year values.

Capital projects/equipment greater than \$1,500,000

Payments to Island Health for the NIHP are made quarterly based on the cash flow agreed to between the CSRHD and Island Health. The provisional budget includes 2018 payments of \$7.57 million based on this cash flow which includes the \$2.93 million project reserve. Prior to any payment of the project reserve, the CSRHD board will be presented with the formal request from Island Health.

**Policy Analysis**

Per section 23 of the *Hospital District Act*, regional hospital districts must prepare and adopt, before a prescribed date (December 31<sup>st</sup>) a provisional budget for the following calendar year.

This report is provided within the framework of the CSRHD financial planning policy.

**Options**

Legislation requires that a provisional budget be adopted by December 31<sup>st</sup> and as there are no further meetings scheduled in 2017, the options for the board are to approve the provisional budget as presented or to approve it with amendments.

**Financial Factors**

The 2018 proposed residential rate per \$1,000 taxable value is \$0.7581 which is lower than the tax rate of \$0.84 per \$1,000 taxable value in prior years due to increased assessments of residential properties. The \$0.7581 proposed residential rate translates to no change in the requisition for 2018 (Appendix A). The apportionment will be recalculated once the 2018 completed assessment roll is received in January. This will be presented with the recommended budget in March 2018. The

recommended budget will reflect actual prior year capital project carry forwards and any other updates required.

The 2018 expenses for the NIHP are budgeted at \$7.57 million which are projected to be funded through interim financing with the Municipal Finance Authority of \$5.68 million and \$1.89 million in reserves. The interim financing interest for 2018 is estimated at \$1.94 million. The annual contribution to the major capital project reserve has been budgeted as a pay-down on the principal of the interim financing. This will reduce the interest payable in 2018 as well as lower the long term borrowing requirement in 2019.

The uncommitted funds in the future expenditure reserve at December 31, 2017 is anticipated to be \$12 million. Contributions to this reserve are from a variety of sources which include budget contributions, debenture refunds, operating and capital project surplus.

Professional fees includes an amount of \$34,390 for the NIHP project liaison which is carried forward from 2017 and \$20,715 carried forward for the upgrade to the CSRHD website.

Administration expenses are included at the 2012 level of \$151,000. This amount will be reviewed periodically to reflect current costs of service provision.

### **Legal Factors**

Per section 23 of the *Hospital District Act*, regional hospital districts must adopt an annual budget by March 31<sup>st</sup> of each year.

### **Intergovernmental Factors**

The Comox Valley Regional District (CVRD) executive management branch works with Island Health capital finance staff with regards to the NIHP and annual capital funding and project requirements.

### **Interdepartmental Involvement**

Management and administration support is provided by the Comox Valley Regional District administration team.

### **Citizen/Public Relations**

The 2018 assessed values are not received until January, but as the requisition is maintained at the same level as 2017, there will be little or no change to taxpayers in 2018.

Attachments: Appendix A – Requisition apportionment  
Appendix B – 2018 Consolidated provisional budget  
Appendix C – 2018 Budget summary and details  
Appendix D – 2014-2017 Comparative actual vs. budget summary report

**Appendix A**

<b>Participant</b>	<b>2017 Revised Converted Assessments</b>	<b>2018 Proposed Requisition</b>	<b>%</b>
<b>Comox Valley Regional District</b>			
Comox	251,078,412	1,903,423	11.2%
Courtenay	540,667,016	4,098,790	24.1%
Cumberland	58,972,160	447,067	2.6%
Area A Baynes Sd-Denman/Hornby	214,622,103	1,627,048	9.6%
Area B Lazo	156,344,235	1,185,244	7.0%
Area C Puntledge-Black Creek	200,616,115	1,520,868	8.9%
<b>Strathcona Regional District</b>			
Campbell River	555,439,191	4,210,778	24.8%
Gold River	12,449,301	94,378	0.6%
Sayward	3,388,964	25,692	0.2%
Tahsis	3,813,440	28,910	0.2%
Zeballos	1,487,924	11,280	0.1%
Area A Sayward Valley	20,316,997	154,023	0.9%
Area B Cortes	29,870,554	226,448	1.3%
Area C Discovery Islands-Mainland Inlet	73,583,512	557,836	3.3%
Area D Oyster Bay-Buttle Lake	102,181,685	774,638	4.6%
Area A Kyuquot-Nootka	17,620,052	133,577	0.8%
	<b>2,242,451,661</b>	<b>17,000,000</b>	

Residential rate per \$1,000 taxable value		0.7581
For a home assessed at	\$	400,000
Residential levy	\$	303

**Appendix B**  
**2018 Consolidated Provisional Budget**

**Revenue**

Grants in lieu of taxes	\$ 82,000
Requisition	17,000,000
Short term debt financing	5,676,750
Transfer from reserves	1,892,250
Interest revenue	60,000
Surplus prior year	122,847
	<u>\$ 24,833,847</u>

**Expenditures**

Administration expense	\$ 151,000
Governance expenses	54,000
Benefits	100
Bank charges	500
Travel	18,000
Legal fees	10,000
Professional fees	82,105
Bank/loan interest operating	22,000
Funds for future expenditures	508,620
Long term debt financing costs	89,522
Short term debt financing costs	14,444,000
Capital grants	9,454,000
	<u>\$ 24,833,847</u>

## Budget Departmental by Class

From Category : 0 To Category : 0

Budget Detail : Provisional Budget

Account Code : 5?-?-?-??? To : 5?-?-?-???

Year : 2018

Account Code	Account Description	2017 Budget Values	2018 Provisional Budget
<b>GENERAL REVENUE FUND</b>			
50-1-0-005	GRANTS IN LIEU OF TAXES	82,000	82,000
50-1-0-015	REQUISITION - ELECTORAL AREAS	6,252,376	6,179,683
50-1-0-020	REQUISITION - MUNICIPAL	10,747,624	10,820,317
50-1-0-120	INTEREST REVENUE	60,000	60,000
50-1-0-150	SURPLUS PRIOR YEAR	251,246	122,847
<b>REVENUE Total</b>		<b>17,393,246</b>	<b>17,264,847</b>
50-2-0-200	ADMINISTRATION EXPENSE	151,000	151,000
50-2-0-220	GOVERNANCE EXPENSES	54,000	54,000
50-2-0-225	BENEFITS	100	100
50-2-0-246	BANK CHARGES	500	500
50-2-0-320	TRAVEL	18,000	18,000
50-2-0-381	LEGAL FEES	10,000	10,000
50-2-0-387	PROFESSIONAL FEES	94,000	82,105
50-2-0-480	TRANSFER TO CAPITAL	889,556	1,885,000
50-2-0-485	FUNDS FOR FUTURE EXPENDITURES	1,050,444	508,620
50-2-0-500	BANK/LOAN INTEREST OPERATING	22,000	22,000
50-2-0-505	LONG TERM DEBT PRINCIPAL	66,902	66,902
50-2-0-506	LONG TERM DEBT INTEREST	36,744	22,620
50-2-0-507	INTERIM FINANCING PRINCIPAL	12,500,000	12,500,000
50-2-0-508	INTERIM FINANCING INTEREST	2,500,000	1,944,000
<b>EXPENSES Total</b>		<b>17,393,246</b>	<b>17,264,847</b>
<b>GENERAL REVENUE FUND Total</b>		<b>0</b>	<b>0</b>
<b>Report Total --&gt;</b>		<b>0</b>	<b>0</b>

## Budget Departmental by Class

From Category : 0 To Category : 0

Budget Detail : Provisional Budget

Account Code : 5?-?-?-??? To : 5?-?-?-???

Year : 2018

Account Code	Account Description	2017 Budget Values	2018 Provisional Budget
<b>CAPITAL &amp; LOAN FUND</b>			
51-1-0-140	INTERIM FINANCING PROCEEDS	8,324,000	5,676,750
51-1-0-145	TRANSFER FR RESERVE	2,776,716	1,892,250
51-1-0-148	TRANSFER FR GENERAL	889,556	1,885,000
<b>REVENUE Total</b>		11,990,272	9,454,000
51-2-0-471	CAPITAL GRANTS FUNDED BY OPERATING	116,810	1,850,000
51-2-0-472	GLOBAL GRANTS FUNDED BY OPERATING	35,000	35,000
51-2-0-473	CAPITAL GRANTS FUNDED BY RESERVES	986,716	0
51-2-0-474	MAJOR CAPITAL PROJECTS	10,851,746	7,569,000
<b>EXPENSES Total</b>		11,990,272	9,454,000
<b>CAPITAL &amp; LOAN FUND Total</b>		0	0
<b>Report Total --&gt;</b>		<b>0</b>	<b>0</b>

## 2018 Provisional Budget

Account Code ID	Account Name Description	Status	Quantity	Rate	Burden %	Amount
1 --> REVENUE						
50-1-0-005	GRANTS IN LIEU OF TAXES					
1		A	1.00	-82000.00	0.0000	-82,000
	<b>Total :</b>					<b>-82,000</b>
50-1-0-015	REQUISITION - ELECTORAL AREAS					
3	.7581 per \$1000 based on 2017 revised roll	A	1.00	-6179683.00	0.0000	-6,179,683
	<b>Total :</b>					<b>-6,179,683</b>
50-1-0-020	REQUISITION - MUNICIPAL					
4	.7581 per \$1000 based on 2017 revised roll	A	1.00	-10820317.00	0.0000	-10,820,317
	<b>Total :</b>					<b>-10,820,317</b>
50-1-0-120	INTEREST REVENUE					
5		A	1.00	-60000.00	0.0000	-60,000
	<b>Total :</b>					<b>-60,000</b>
50-1-0-150	SURPLUS PRIOR YEAR					
8	General surplus estimate	A	1.00	-47742.00	0.0000	-47,742
8	NIHP liaison estimated carry forward	A	1.00	-34390.00	0.0000	-34,390
8	Board strategic planning	A	1.00	-20000.00	0.0000	-20,000
8	CSRHD website upgrade estimated carry forward	A	1.00	-20715.00	0.0000	-20,715
	<b>Total :</b>					<b>-122,847</b>

## 2018 Provisional Budget

Account Code ID	Account Name Description	Status	Quantity	Rate	Burden %	Amount
1 --> REVENUE						
51-1-0-140	INTERIM FINANCING PROCEEDS					
175	NIHP Interim financing	A	1.00	-5676750.00	0.0000	-5,676,750
<b>Total :</b>						<b>INTERIM FINANCING PROCEEDS</b>
						<b>-5,676,750</b>
51-1-0-145	TRANSFER FR RESERVE					
159	NIHP	A	1.00	-1892250.00	0.0000	-1,892,250
<b>Total :</b>						<b>TRANSFER FR RESERVE</b>
						<b>-1,892,250</b>
51-1-0-148	TRANSFER FR GENERAL					
153	Global grants funded by operating	A	1.00	-35000.00	0.0000	-35,000
153	Current year capital projects/equipment funded by operating greater than \$5,000 and less than \$100,000	A	1.00	-1850000.00	0.0000	-1,850,000
<b>Total :</b>						<b>TRANSFER FR GENERAL</b>
						<b>-1,885,000</b>

## 2018 Provisional Budget

Account Code ID	Account Name Description	Status	Quantity	Rate	Burden %	Amount
2 --> EXPENSES						
50-2-0-200	ADMINISTRATION EXPENSE					
9	CVRD support services	A	1.00	151000.00	0.0000	151,000
	<b>Total :</b>					<b>151,000</b>
50-2-0-220 GOVERNANCE EXPENSES						
166	12 meetings @ \$4500	A	12.00	4500.00	0.0000	54,000
	<b>Total :</b>					<b>54,000</b>
50-2-0-225 BENEFITS						
169	Board remuneration (CPP only)	A	1.00	100.00	0.0000	100
	<b>Total :</b>					<b>100</b>
50-2-0-246 BANK CHARGES						
174		A	1.00	500.00	0.0000	500
	<b>Total :</b>					<b>500</b>
50-2-0-320 TRAVEL						
167	Board travel	A	12.00	1500.00	0.0000	18,000
	<b>Total :</b>					<b>18,000</b>
50-2-0-381 LEGAL FEES						
171		A	1.00	10000.00	0.0000	10,000
	<b>Total :</b>					<b>10,000</b>
50-2-0-387 PROFESSIONAL FEES						
165	Annual audit fees	A	1.00	4500.00	0.0000	4,500
165	Audit fee allowance for expanded scope and additional services re NIHP	A	1.00	2500.00	0.0000	2,500
165	Project liaison - based on actual time required on project. 2017 carry forward.	A	1.00	34390.00	0.0000	34,390
165	Cfwd 2017 Board strategic planning	A	1.00	20000.00	0.0000	20,000
165	Website upgrade 2017 carry forward	A	1.00	20715.00	0.0000	20,715
	<b>Total :</b>					<b>82,105</b>
50-2-0-480 TRANSFER TO CAPITAL						
152	Current year capital projects/equipment funded by operating greater than \$5,000 and less than \$100,000	A	1.00	1850000.00	0.0000	1,850,000
152	Global grants	A	1.00	35000.00	0.0000	35,000
	<b>Total :</b>					<b>1,885,000</b>
50-2-0-485 FUNDS FOR FUTURE EXPENDITURES						
157	Unallocated annual funding	A	1.00	508620.00	0.0000	508,620
	<b>Total :</b>					<b>508,620</b>
50-2-0-500 BANK/LOAN INTEREST OPERATING						
12	Temporary borrowing interest	A	1.00	22000.00	0.0000	22,000
	<b>Total :</b>					<b>22,000</b>
50-2-0-505 LONG TERM DEBT PRINCIPAL						
14	Issue 99 Apr/Oct 19 - ends Oct 2026	A	1.00	16304.00	0.0000	16,304

## 2018 Provisional Budget

Account Code ID	Account Name Description	Status	Quantity	Rate	Burden %	Amount
14	Issue 103 Apr 23 - ends Apr 2018	A	1.00	50598.00	0.0000	50,598
<b>Total :</b>		<b>LONG TERM DEBT PRINCIPAL</b>				<b>66,902</b>
50-2-0-506	LONG TERM DEBT INTEREST					
73	Issue 99 Apr/Oct 19 - ends Oct 2026	A	2.00	4248.00	0.0000	8,496
73	Issue 103 Apr/Nov 23 - ends Apr 2018	A	1.00	14124.00	0.0000	14,124
<b>Total :</b>		<b>LONG TERM DEBT INTEREST</b>				<b>22,620</b>
50-2-0-507	INTERIM FINANCING PRINCIPAL					
132	Paydown Aug 1 interim financing	A	1.00	12500000.00	0.0000	12,500,000
<b>Total :</b>		<b>INTERIM FINANCING PRINCIPAL</b>				<b>12,500,000</b>
50-2-0-508	INTERIM FINANCING INTEREST					
139	NIHP interim financing interest	A	1.00	1944000.00	0.0000	1,944,000
<b>Total :</b>		<b>INTERIM FINANCING INTEREST</b>				<b>1,944,000</b>

## 2018 Provisional Budget

Account Code ID	Account Name Description	Status	Quantity	Rate	Burden %	Amount
2 --> EXPENSES						
51-2-0-471	CAPITAL GRANTS FUNDED BY OPERATING					
154	Current year capital projects/equipment funded by operating greater than \$5,000 and less than \$100,000	A	1.00	1850000.00	0.0000	1,850,000
<b>Total :</b>						<b>1,850,000</b>
51-2-0-472	GLOBAL GRANTS FUNDED BY OPERATING					
156	Zeballos, Cortes, Cumberland Reg Laundry, Kyuquot, Tahsis, Gold River, Sayward	A	1.00	35000.00	0.0000	35,000
<b>Total :</b>						<b>35,000</b>
51-2-0-474	MAJOR CAPITAL PROJECTS					
161	NIHP payment Jan 1	A	1.00	1174000.00	0.0000	1,174,000
161	NIHP payment Apr 1	A	1.00	2317000.00	0.0000	2,317,000
161	NIHP payment Jul 1	A	1.00	1041000.00	0.0000	1,041,000
161	NIHP payment Oct 1	A	1.00	3037000.00	0.0000	3,037,000
<b>Total :</b>						<b>7,569,000</b>

## Budget Departmental by Class

From Category : 0 To Category : 0

Account Code : 5?-?-?-??? To : 5?-?-?-???

Account Code	Account Description	2014 Actual Values	2014 Budget Values	2015 Actual Values	2015 Budget Values	2016 Actual Values	2016 Budget Values	2017 Actual YTD	2017 Budget Values
<b>GENERAL REVENUE FUND</b>									
50-1-0-005	GRANTS IN LIEU OF TAXES	291,182	82,000	289,126	82,000	284,404	82,000	0	82,000
50-1-0-015	REQUISITION - ELECTORAL AREAS	6,144,938	6,173,884	6,223,667	6,208,221	6,242,712	6,252,376	6,179,683	6,252,376
50-1-0-020	REQUISITION - MUNICIPAL	10,555,061	10,526,116	10,776,333	10,791,779	10,757,288	10,747,624	10,820,317	10,747,624
50-1-0-120	INTEREST REVENUE	1,044,339	60,000	217,265	60,000	121,727	60,000	67,117	60,000
50-1-0-126	DEBENTURE REFUNDS	167,117	0	14,854	0	123,553	0	28,856	0
50-1-0-128	OTHER REVENUE	0	0	0	0	0	0	0	0
50-1-0-150	SURPLUS PRIOR YEAR	266,832	266,832	293,790	293,790	117,299	117,299	251,246	251,246
<b>REVENUE Total</b>		18,469,468	17,108,832	17,815,036	17,435,790	17,646,982	17,259,299	17,347,219	17,393,246
50-2-0-200	ADMINISTRATION EXPENSE	151,000	151,000	151,000	151,000	151,000	151,000	151,000	151,000
50-2-0-220	GOVERNANCE EXPENSES	24,594	54,000	28,260	54,000	20,258	54,000	23,178	54,000
50-2-0-225	BENEFITS	0	100	18	100	0	100	12	100
50-2-0-246	BANK CHARGES	472	500	416	500	363	500	185	500
50-2-0-320	TRAVEL	4,828	18,000	7,135	18,000	4,761	18,000	4,448	18,000
50-2-0-353	PUBLIC RELATIONS	100	0	0	0	0	0	3,612	0
50-2-0-381	LEGAL FEES	0	10,000	0	10,000	0	10,000	0	10,000
50-2-0-387	PROFESSIONAL FEES	12,144	78,500	15,256	58,500	7,754	78,500	16,904	94,000
50-2-0-480	TRANSFER TO CAPITAL	122,053	598,545	51,500	883,677	153,867	754,613	35,000	889,556
50-2-0-485	FUNDS FOR FUTURE EXPENDITURES	2,538,366	1,672,444	2,793,479	1,298,429	2,164,593	1,112,887	1,050,444	1,050,444
50-2-0-486	FUNDS FOR FUTURE MAJOR PROJECTS	14,331,510	13,500,000	82,655	13,500,000	0	0	0	0
50-2-0-500	BANK/LOAN INTEREST OPERATING	0	22,000	0	22,000	0	22,000	0	22,000
50-2-0-505	LONG TERM DEBT PRINCIPAL	571,557	571,557	328,651	328,651	295,026	295,027	50,597	66,902
50-2-0-506	LONG TERM DEBT INTEREST	419,054	432,186	289,757	293,338	231,612	262,672	18,372	36,744
50-2-0-507	INTERIM FINANCING PRINCIPAL	0	0	13,500,000	0	13,000,000	12,000,000	12,500,000	12,500,000
50-2-0-508	INTERIM FINANCING INTEREST	0	0	449,610	817,595	1,366,501	2,500,000	1,081,686	2,500,000
<b>EXPENSES Total</b>		18,175,678	17,108,832	17,697,737	17,435,790	17,395,736	17,259,299	14,935,438	17,393,246
<b>GENERAL REVENUE FUND Total</b>		293,790	0	117,299	0	251,246	0	2,411,781	0
<b>Report Total --&gt;</b>		<b>293,790</b>	<b>0</b>	<b>117,299</b>	<b>0</b>	<b>251,246</b>	<b>0</b>	<b>2,411,781</b>	<b>0</b>

