



## **ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT**

### **STATEMENT OF FINANCIAL INFORMATION PERIOD ENDED DECEMBER 31, 2016**

#### **Table of Contents**

Audited Financial Statements which includes:

- Statement of Financial Position
- Statement of Operations
- Schedule of Debenture Debt
- Schedule of Guarantee and Indemnity Agreements
- Schedule of Remuneration and Expenses
- Schedule of Payments to Suppliers
- Statement of Financial Information Approval
- Management Report

**ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT**  
**Financial Statements**  
**Year Ended December 31, 2016**

# ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

## Index to Financial Statements

Year Ended December 31, 2016

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	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Accumulated Surplus	5
Statement of Changes in Net Financial Assets	6
Statement of Cash Flow	7
Notes to Financial Statements	8 - 11
Schedule of Debenture Debt ( <i>Schedule 1</i> )	12
Schedule of Member Municipalities Tax Requisitions ( <i>Schedule 2</i> )	13

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## INDEPENDENT AUDITOR'S REPORT

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To the Chairperson and Directors of Alberni-Clayoquot Regional Hospital District

I have audited the accompanying financial statements of Alberni-Clayoquot Regional Hospital District, which comprise the statement of financial position as at December 31, 2016 and the statements of operations and changes in accumulated surplus, net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the basis of accounting described in Note 2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the 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 presentation of

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Independent Auditor's Report to the Chairperson and Directors of Alberni-Clayoquot Regional Hospital District *(continued)*

the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements of Alberni-Clayoquot Regional Hospital District for the year ended December 31, 2016 are prepared, in all material respects, in accordance with the basis of accounting described in Note 2.

Basis of Accounting and Restrictions on Use

Without modifying my opinion, I draw attention to Note 2 to the financial statements, which describes the basis of accounting. These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Chairperson and Directors of the Alberni-Clayoquot Regional Hospital District and the Ministry of Health for complying with the Hospital District Act. These financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

*R. Anderson & Associates Inc.*

Port Alberni, B.C.  
May 10, 2017

CHARTERED PROFESSIONAL ACCOUNTANT

**ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT**

**Statement of Financial Position**

**December 31, 2016**

	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash	\$ 2,369,954	\$ 2,565,333
Accounts receivable (Note 3)	1,937	2,026
Municipal Finance Authority debt reserve deposit (Note 4)	838,408	851,618
Grants to district hospitals - capitalized	4,622,933	5,584,350
	<b>7,833,232</b>	<b>9,003,327</b>
<b>FINANCIAL LIABILITIES</b>		
Accrued interest	25,152	34,202
Municipal Finance Authority debt reserve (Note 4)	838,408	851,618
Reserves related to Section 20(3)	1,983,025	1,899,745
Debenture debt (Note 6) (Schedule 1)	4,887,169	5,848,586
Unamortized debenture discount (Note 6)	42,734	42,734
	<b>7,776,488</b>	<b>8,676,885</b>
<b>NET FINANCIAL ASSETS AND ACCUMULATED SURPLUS (Note 7)</b>	<b>\$ 56,744</b>	<b>\$ 326,442</b>



Teri Fong, CPA, CGA  
Manager of Finance

**ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT****Statement of Operations****Year Ended December 31, 2016**

	Budget 2016	2016	2015
<b>REVENUE</b>			
Taxation (Schedule 2)	\$ 1,699,559	\$ 1,699,559	\$ 1,693,527
Grants in lieu of taxes	8,000	16,037	16,012
Other income	20,000	47,954	24,751
	1,727,559	1,763,550	1,734,290
<b>EXPENSES</b>			
Sinking fund installments	507,000	506,336	508,804
Interest and fees on debenture	412,000	391,912	415,518
Administrative costs	18,000	18,000	18,000
Contribution to section 20(3) reserve	1,117,000	1,117,000	550,000
	2,054,000	2,033,248	1,492,322
<b>ANNUAL SURPLUS</b>	\$ (326,441)	\$ (269,698)	\$ 241,968

The accompanying notes are an integral part of these financial statements

**ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT**

**Statement of Changes in Accumulated Surplus**

**Year Ended December 31, 2016**

	<b>2016</b>	<b>2015</b>
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>	<b>\$ 326,442</b>	<b>\$ 84,474</b>
Annual surplus	<b>(269,698)</b>	241,968
<b>ACCUMULATED SURPLUS - END OF YEAR <i>(Note 7)</i></b>	<b>\$ 56,744</b>	<b>\$ 326,442</b>

The accompanying notes are an integral part of these financial statements



**ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT**

**Statement of Changes in Net Financial Assets**

**Year Ended December 31, 2016**

	Budget 2016	2016	2015
<b>ANNUAL SURPLUS</b>	\$ (326,442)	\$ (269,698)	\$ 241,968
<b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b>	326,442	<b>326,442</b>	84,474
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	\$ -	\$ <b>56,744</b>	\$ 326,442

The accompanying notes are an integral part of these financial statements

**ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT****Statement of Cash Flow**

Year Ended December 31, 2016

	2016	2015
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ (269,698)	\$ 241,968
Changes in non-cash working capital:		
Accounts receivable	91	361
Grants to district hospitals - capitalized	961,417	937,201
Accrued interest	(9,052)	(302)
	952,456	937,260
Cash flow from operating activities	682,758	1,179,228
<b>FINANCING ACTIVITIES</b>		
Repayment of long term debt	(506,336)	(508,804)
Actuarial adjustment to long term debt	(455,081)	(428,397)
Cash flow used by financing activities	(961,417)	(937,201)
<b>INVESTING ACTIVITY</b>		
Reserves related to Section 20(3)	83,280	76,071
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(195,379)</b>	318,098
Cash - beginning of year	2,565,333	2,247,235
<b>CASH - END OF YEAR</b>	<b>\$ 2,369,954</b>	<b>\$ 2,565,333</b>

The accompanying notes are an integral part of these financial statements

# ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

## Notes to Financial Statements

Year Ended December 31, 2016

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### 1. NATURE OF THE ORGANIZATION

The Alberni-Clayoquot Regional Hospital District (District) was incorporated in 1967 under the Regional Hospital District Act. Its principal activities include the borrowing of monies from the Municipal Finance Authority and advancing those monies for hospital planning and development within the region.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements of the District are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants with the following deviations to comply with the accounting requirements prescribed by the Ministry of Health under the Hospital District Act:

- Grants to district hospitals are capitalized and recorded as an asset.
- There is no disclosure of the fair value of the financial assets and liabilities.
- Standards for recognition and disclosure of financial instruments have not been adopted.
- There is no disclosure of segmented reporting.
- Sinking fund installments are expensed in the year that they are paid.

#### Grants to district hospitals

Grants to district hospitals are capitalized and recorded as an asset on the statement of financial position while the hospital is in operation. When a hospital ceases operation, the amount of unrecoverable grants is written off against capital surplus.

#### Budget reporting

The unaudited budget information reported in the statement of operations and the statement of change in net financial assets represents the 2016 budget as adopted by the District's Board on March 9, 2016.

#### Debenture Debt

Long term debt is recorded net of any related sinking fund installments and actuarial additions. Debt charges, including principal and interest, are charged against current revenue in the periods in which they are accrued. The debt schedule indicates the amount of debt payable in accordance with schedules received from the Municipal Finance Authority.

#### Financial instruments

The carrying value of cash, accounts receivable, accounts payable, and accrued interest is cost due to the short-term nature of these financial instruments. Financial instruments consist of cash, accounts receivable, accrued interest and long term debt.

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# ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

## Notes to Financial Statements

Year Ended December 31, 2016

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Revenue and expenditure recognition

Revenue is recorded in the period in which the transactions or events that gave rise to the revenue occur. Amounts that have been received in advance of services being rendered are recorded as deferred revenue until the District discharges the obligations that led to the collection of funds.

Revenues from other levels of governments, classified as grants in lieu of taxes, are recorded in the District's records as they are received.

Each Municipality and Electoral Area within the Regional District is requisitioned for their portion of each service in which they participate. These funds are then levied by the Municipalities and the Province (for Electoral Areas) to individual taxpayers and turned over to the District by August 1 of each year.

Expenditures are recorded on an accrual basis and are recognized in the period in which the goods and services are acquired and a liability is incurred or transfers are due. Expenditures include the accrual of debt and related interest payable to the end of the fiscal period.

#### Measurement uncertainty

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 at the date of the financial statements and the reported amounts of revenues, expenses, gains, and losses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they became known. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Since a precise determination of many assets and liabilities depends on future events, actual results may differ from such estimates and approximations.

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### 3. ACCOUNTS RECEIVABLE

	2016	2015
Accrued Interest receivable	\$ 1,937	\$ 2,026

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### 4. DEBT RESERVE FUND

The Municipal Finance Authority of British Columbia provides capital financing for the Hospital District. The Authority is required to establish a Debt Reserve Fund into which each District and Member Municipality, who share in the proceeds of a debt issue through the District, are required to pay certain amounts set out in the debt agreements. Interest earned on these funds (less administrative expenses) becomes an obligation of the Authority to the Hospital District. If at any time insufficient funds are provided by the Hospital District or Member Municipalities, the Authority will then use these funds to meet payments on its obligations. When this occurs, the Hospital District may be called upon to restore the fund.

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# ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

## Notes to Financial Statements

Year Ended December 31, 2016

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### 5. RELATED PARTY

The Alberni-Clayoquot Regional Hospital District is related to the Alberni-Clayoquot Regional District; the same individuals are the Board of Directors for both organizations. As legislated by the Hospital District Act, the officers and employees of the Alberni-Clayoquot Regional District are the corresponding officers and employees of the Alberni-Clayoquot Regional Hospital District. Each of the Regional District and the Hospital District are separate legal entities as defined by separate Letters Patent and authorized by separate legislation. During the year the Alberni-Clayoquot Regional Hospital District purchased, at cost, \$18,000 of administrative support services from the Alberni-Clayoquot Regional District.

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### 6. DEBENTURE DEBT

The debenture debt "Schedule 1" reflects the amount of debenture debt payable by the Alberni-Clayoquot Regional Hospital District. The outstanding amount payable is net of the Sinking Fund Balances as confirmed by the British Columbia Municipal Finance Authority. The Sinking Fund Balances are subject to periodic actuarial adjustments to reflect the earnings on the Sinking Fund Investment and accordingly will affect the debenture debt amount payable.

Principal repayment terms are approximately:

2017	\$	492,663
2018		492,778
2019		492,896
2020		451,783
2021		213,705

The unamortized debenture discount will be applied in 2023 when the debenture is paid in full.

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# ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

## Notes to Financial Statements

Year Ended December 31, 2016

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### 7. FUND ACCOUNTING

The District uses fund accounting to account for various aspects of operations. Presently the District uses the following three funds:

1. Capital fund - Provides funding and carries the debt related to capital projects for which the District has provided grants.
2. Revenue fund- Holds cash and receives interest on monies held by the District.
3. Reserve fund - Segregates funds raised for the purchase of equipment, minor renovations to the hospitals, and related studies, as permitted by Section 20(3) of the Hospital District Act.

As at December 31, 2015 the fund balances are:

	Capital Fund	Revenue Fund	Reserve Fund	2016
ACCUMULATED SURPLUS (DEFICIT) - BEGINNING OF YEAR	\$ 306,970	\$ 695,085	\$ (675,613)	\$ 326,442
Annual surplus (deficit)	-	(269,698)	-	(269,698)
ACCUMULATED SURPLUS (DEFICIT) - END OF YEAR	\$ 306,970	\$ 425,387	\$ (675,613)	\$ 56,744

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### 8. FINANCIAL INSTRUMENTS

For cash, accounts receivable, accounts payable, and accrued interest, the carrying value of these financial statements approximated their fair market values due to their short-term maturity or capacity for prompt liquidation. The district is exposed to credit risk on the accounts receivable from its customers. In order to reduce its credit risk, the district has adopted credit policies which include the analysis of the financial position of its customers and the regular review of their credit limits. The district does not have a significant exposure to any individual customer or counterpart. Unless otherwise noted, it is management's opinion the District is not exposed to significant interest, currency, or credit risk arising from these financial instruments.

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**ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT**

**Schedule of Debenture Debt**

*(Schedule 1)*

**Year Ended December 31, 2016**

B.C.H.F.A. By-law	By-law No.	Type of Security Issued	Maturity date	Term	Rate	2016 Balance	2015 Balance	2017 Requirements as of December 31, 2016	
								Principal	Interest
RHD-EC-13	54	Sinking Fund	30 Nov 2023	20	7.875%	\$ -	\$ 13,626	\$ -	\$ -
RHD-EC-13(1)	54	Sinking Fund	30 Nov 2023	20	7.875%	-	5,526	-	-
1999F	54, 74, 75	Sinking Fund	01 Dec 2019	5, 5, 20	5.840%, 5.840%, 5.990%	<b>267,962</b>	349,662	<b>41,233</b>	<b>26,121</b>
2000S	75	Sinking Fund	01 Jun 2020	20	6.450%	<b>854,644</b>	1,045,809	<b>101,051</b>	<b>64,015</b>
2000F	75, 82	Sinking Fund	01 Jun 2020	20	6.360%	<b>1,159,972</b>	1,419,433	<b>137,152</b>	<b>86,886</b>
2001F	75, 82, 83	Sinking Fund	01 Jun 2022	20	5.100%	<b>1,568,907</b>	1,839,319	<b>136,576</b>	<b>79,031</b>
2002S	77	Sinking Fund	01 Jun 2020	20	5.900%	<b>656,277</b>	748,167	<b>48,731</b>	<b>28,198</b>
2002F	78	Sinking Fund	01 Jun 2020	20	5.250%	<b>178,785</b>	203,818	<b>13,276</b>	<b>9,218</b>
2003S	75	Sinking Fund	03 Jun 2023	20	5.250%	<b>155,713</b>	173,927	<b>10,142</b>	<b>7,043</b>
2005S	93	Sinking Fund	04 Jun 2025	20	5.100%	<b>44,909</b>	49,299	<b>4,502</b>	<b>2,176</b>
						<b>\$ 4,887,169</b>	<b>\$ 5,848,586</b>	<b>\$ 492,663</b>	<b>\$ 302,688</b>

## ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

## Schedule of Member Municipalities Tax Requisitions

*(Schedule 2)*

Year Ended December 31, 2016

	Budget 2016	2016	2015
<b>MUNICIPALITIES</b>			
Port Alberni	\$ 647,008	\$ 647,008	\$ 658,537
District of Tofino	282,455	282,455	271,905
District of Ucluelet	149,427	149,427	147,666
	1,078,890	1,078,890	1,078,108
<b>FIRST NATIONS</b>			
Huu-ay-aht First Nations	397	397	596
Yuu?u?i??at?	1,844	1,844	2,829
Uchuckleshaht	(49)	(49)	49
	2,192	2,192	3,474
<b>ELECTORAL AREAS</b>			
"A" Bamfield	58,458	58,458	57,317
"B" Beaufort	30,449	30,449	29,803
"C" Long Beach	70,366	70,366	69,862
"D" Sproat Lake	251,997	251,997	249,715
"E" Beaver Creek	98,179	98,179	94,827
"F" Cherry Creek	109,028	109,028	110,421
	618,477	618,477	611,945
	\$ 1,699,559	\$ 1,699,559	\$ 1,693,527

The accompanying notes are an integral part of these financial statements





## **ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT**

### **Schedule of Guarantee and Indemnity Agreements**

This organization has not given any guarantees or indemnities under the Guarantees and Indemnities Regulation.

### **Schedule of Remuneration and Expenses**

There was no remuneration, expenses or severance agreements paid to employees by the Alberni-Clayoquot Regional Hospital District during the fiscal year 2016.

### **Schedule of Payments to Suppliers**

1. **Suppliers who received aggregate payments exceeding \$25,000.00**

<b>Supplier Name</b>	<b>Aggregate Amount Paid to Supplier</b>
Municipal Finance Authority	\$907,299
Vancouver Island Health Authority	\$1,033,720
<b>Total Suppliers Equal &amp; Over \$25,000.00</b>	<b>\$1,941,019</b>
<b>Total Suppliers Under \$25,000.00</b>	<b>\$18,049</b>
<b>Total Suppliers</b>	<b>\$1,959,068</b>

2. **Reconciliation**

Total of Aggregate Payments Equal to or Exceeding \$25,000.00	\$1,941,019
Consolidated Total of Payments Less Than \$25,000.00	\$18,049
<b>Subtotal</b>	<b>\$1,959,068</b>
Reconciling Items	\$0.00
Total per Statement of Revenue & Expenditures	*See note below
Variance	\$0.00

\*The Financial Statements do not provide this information, they are prepared on a function basis rather than on an object basis. However, the amounts reported are included in the expenses stated in the financial statements.



## ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

### Statement of Financial Information Approval

The undersigned, as authorized by the Financial Information Regulation, Schedule 1, subsection 9(2), approves all the statements and schedules included in this Statement of Financial Information, produced under the *Financial Information Act*.

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Josie Osborne, Chair  
June 28, 2017

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Teri Fong, CPA, CGA, Manager of Finance  
June 20, 2017



## ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

### MANAGEMENT REPORT

The Financial Statements contained in this Statement of Financial Information under the Financial Information Act have been prepared by management in accordance with generally accepted accounting principles or stated accounting principles, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the 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 fulfills its responsibilities for financial reporting and internal control. The Board meets with management and the external auditors once a year.

The Manager of Finance has the responsibility for assessing the management systems and practices of the Regional Hospital District.

The external auditors, R. Anderson & Associates, Chartered Accountants, conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules and statements required by the Act. Their examination includes a review and evaluation of the corporation'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 the Board of Directors and may meet with it as required.

On behalf of the Alberni-Clayoquot Regional Hospital District

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Teri Fong, CPA, CGA  
Manager of Finance  
June 20, 2017