



Alberni-Clayoquot Regional Hospital District

BOARD OF DIRECTORS MEETING

WEDNESDAY, APRIL 10, 2019

Regional District Board Room, 3008 Fifth Avenue, Port Alberni, BC

AGENDA

	PAGE #
1. <u>CALL TO ORDER</u> <i>(immediately following the ACRD Board Meeting)</i>	
Recognition of Territories.	
2. <u>APPROVAL OF AGENDA</u> <i>(motion to approve, including late items requires 2/3 majority vote)</i>	
3. <u>ADOPTION OF MINUTES</u>	
a. Board of Directors Meeting – March 13, 2019	3-6
<i>THAT the minutes of the Alberni-Clayoquot Regional Hospital District Board of Directors meeting held on March 13, 2019 be adopted.</i>	
b. Special Board of Directors Meeting – March 27, 2019	7-9
<i>THAT the minutes of the Alberni-Clayoquot Regional Hospital District Special Board of Directors meeting held on March 27, 2019 be adopted.</i>	
4. <u>PETITIONS, DELEGATIONS & PRESENTATIONS (10-minute maximum)</u>	
5. <u>CORRESPONDENCE FOR ACTION</u>	
6. <u>CORRESPONDENCE FOR INFORMATION</u>	
a. Correspondence February 26, 2019 from Island Health regarding Annual Report 2017/2018 (full report held in office)	10-11
<i>THAT this correspondence be received for information.</i>	
7. <u>REQUEST FOR DECISIONS & BYLAWS</u>	
a. Request for Decision Alberni-Clayoquot Regional Hospital District Financial Statements	12-36

THAT the Alberni-Clayoquot Regional Hospital District Board of Directors approve the 2018 Audited Financial Statements for the Alberni-Clayoquot Regional Hospital District as presented.

8. REPORTS

- a. Bamfield Health Centre – B. Beckett
- b. Alberni-Clayoquot Continuing Care Society – J. McNabb
- c. West Coast Native Health Care Society – P. Cote
- d. Tofino General Hospital – West Coast Directors
- e. Alberni-Clayoquot Health Network – P. Cote/J. Osborne
- f. West Coast General Hospital – Alberni Valley Directors
- g. Other Reports

THAT the Regional Hospital Board of Directors receives reports a-g.

9. UNFINISHED BUSINESS

10. LATE BUSINESS

11. QUESTION PERIOD

12. ADJOURN



Alberni-Clayoquot Regional Hospital District

MINUTES OF THE BOARD OF DIRECTORS MEETING HELD ON WEDNESDAY, MARCH 13, 2019

Regional District Board Room, 3008 Fifth Avenue, Port Alberni, BC

DIRECTORS

Josie Osborne, Chairperson, Mayor, District of Tofino

PRESENT:

Bob Beckett, Director, Electoral Area "A" (Bamfield)

Kel Roberts, Director, Electoral Area "C" (Long Beach)

Penny Cote, Director, Electoral Area "D" (Sproat Lake)

John McNabb, Director, Electoral Area "E" (Beaver Creek)

Sharie Minions, Mayor, City of Port Alberni

Cindy Solda, Councillor, City of Port Alberni

Marilyn McEwen, Councillor, District of Ucluelet (Alternate)

Josie Osborne, Mayor, District of Tofino

Wilfred Cootes, Councillor, Uchucklesaht Tribe Government

Kirsten Johnsen, Councillor, Toquaht Nation

REGRETS:

John Jack, Vice-Chairperson, Councillor, Huu-ay-aht First Nation

Mayco Noël, Mayor, District of Ucluelet

Alan McCarthy, Member of Legislature, Yuułu?iŋ?ath Government

STAFF PRESENT:

Douglas Holmes, Chief Administrative Officer

Mike Irg, Manager of Planning and Development

Rob Williams, General Manager of Environmental Services

Wendy Thomson, Manager of Administrative Services

1. CALL TO ORDER

The Chairperson called the meeting to order at 2:16 pm.

The Chairperson recognized the meeting this afternoon being held in the Tseshaht First Nation and the Hupacasath First Nation Territories.

2. APPROVAL OF AGENDA

MOVED: Director Solda

SECONDED: Director Roberts

THAT the agenda be approved as circulated.

CARRIED

3. ADOPTION OF MINUTES

a. **Board of Directors Meeting – February 13, 2019**

MOVED: Director Solda
SECONDED: Director Minions

THAT the minutes of the Alberni-Clayoquot Regional Hospital District meeting held on February 13, 2019 be adopted.

CARRIED

4. PETITIONS, DELEGATIONS & PRESENTATIONS

5. CORRESPONDENCE FOR ACTION

6. CORRESPONDENCE FOR INFORMATION

7. REQUEST FOR DECISIONS & BYLAWS

a. Request for Decision regarding 2019 Annual Budget

MOVED: Director Cootes
SECONDED: Director Johnsen

THAT the Alberni-Clayoquot Regional Hospital District Board of Directors give second reading to bylaw, cited as “Alberni-Clayoquot Regional Hospital District 2019 Annual Budget Bylaw No. 126”.

CARRIED

MOVED: Director McNabb
SECONDED: Director Cote

THAT a special meeting of the Alberni-Clayoquot Regional Hospital District Board of Directors be scheduled for Wednesday, March 27, 2019 in the Regional District Board Room immediately following the Alberni-Clayoquot Regional District Board of Directors meeting.

CARRIED

8. REPORTS

a. Bamfield Health Centre – B. Beckett

Director Bennett reported on his recent meeting with the nurse in Bamfield. They have had a 40% increase in patient volume over the past year. Approximately 70% of the residents in Bamfield are over 50 years of age. Director Beckett discussed the concerns with staffing requirements at the Health Centre. He hopes to participate in the meeting with Island Health when they are discussing staffing requirements for the Bamfield Health Centre.

b. Alberni-Clayoquot Continuing Care Society – J. McNabb

Director McNabb provided a brief update on the current activities of the Society.

c. West Coast Native Health Care Society – P. Cote – No Report

d. Tofino General Hospital – J. Osborne/M. Noël

The Chairperson reported the helipad project is almost complete. There is an opportunity for upgrades to allow for heavier helicopters, this would require consultation with the neighbouring property owners prior to any upgrades.

Director McEwen provided a brief update on a recent successful discussion the District of Ucluelet had with Island Health regarding the new medical centre.

e. Alberni-Clayoquot Health Network – P. Cote/J. Osborne – No Report

f. Other Reports

Director Minions discussed the physician shortage in the Alberni Valley with the sudden passing of a local physician and upcoming retirements. She spoke to the need for some kind of effort to come up with a rejuvenated approach to recruit doctors to the Alberni Valley.

Director Solda spoke to concerns with the continued lack of long term care beds in the Alberni Valley.

MOVED: Director Solda

SECONDED: Director McNabb

THAT the Regional Hospital Board of Directors receives reports a-f.

CARRIED

9. UNFINISHED BUSINESS

10. LATE BUSINESS

11. QUESTION PERIOD

12. ADJOURN

MOVED: Director Cootes

SECONDED: Director Beckett

THAT this meeting be adjourned at 2:31 pm.

CARRIED

Certified Correct:

Josie Osborne,
Chairperson

Wendy Thomson,
Manager of Administrative Services



Alberni-Clayoquot Regional Hospital District

MINUTES OF THE SPECIAL BOARD OF DIRECTORS MEETING HELD ON WEDNESDAY, MARCH 27, 2019

Regional District Board Room, 3008 Fifth Avenue, Port Alberni, BC

DIRECTORS

Josie Osborne, Chairperson, Mayor, District of Tofino

PRESENT:

Bob Beckett, Director, Electoral Area "A" (Bamfield)
Kel Roberts, Director, Electoral Area "C" (Long Beach)
Penny Cote, Director, Electoral Area "D" (Sproat Lake)
Pam Craig, Alternate Director, Electoral Area "E" (Beaver Creek)
Sharie Minions, Mayor, City of Port Alberni
Cindy Solda, Councillor, City of Port Alberni
Mayco Noël, Mayor, District of Ucluelet
Josie Osborne, Mayor, District of Tofino
John Jack, Councillor, Huu-ay-aht First Nation
Wilfred Cootes, Councillor, Uchucklesaht Tribe Government

REGRETS:

John Jack, Vice-Chairperson, Councillor, Huu-ay-aht First Nation
John McNabb, Director, Electoral Area "E" (Beaver Creek)
Kirsten Johnsen, Councillor, Toquaht Nation
Alan McCarthy, Member of Legislature, Yuułu?if?ath Government

STAFF PRESENT:

Douglas Holmes, Chief Administrative Officer
Teri Fong, Manager of Finance
Mike Irg, Manager of Planning and Development
Rob Williams, General Manager of Environmental Services
Wendy Thomson, Manager of Administrative Services

1. CALL TO ORDER

The Chairperson called the meeting to order at 3:11 pm.

The Chairperson recognized the meeting this afternoon is being held in the Tseshaht First Nation and the Hupacasath First Nation Territories.

2. APPROVAL OF AGENDA

MOVED: Director Roberts

SECONDED: Director Solda

THAT the agenda be approved as circulated.

CARRIED

3. REQUEST FOR DECISIONS & BYLAWS

a. Request for Decision regarding Annual Budget

MOVED: Director Cootes
SECONDED: Director Cote

THAT the Alberni-Clayoquot Regional Hospital District Board of Directors give third reading to bylaw, cited as “Alberni-Clayoquot Regional Hospital District 2019 Annual Budget Bylaw No. 126”.

MOVED: Director Cote
SECONDED: Director Cootes

THAT the Board of Directors amend 2019 Annual Budget Bylaw No. 126 as follows:

Line 2 – Tax Requisition – Years 2019 to 2023 reduce to \$1,800,000
Line 11 – Major equipment/project contributions – Year 2019 reduce to \$500,735 and Year 2020 increase to \$285,265.
Line 12 – Reserve fund contribution – Year 2020 reduce to \$272,735, Year 2021 reduce to \$916,000, Year 2022 reduce to \$1,145,000 and Year 2023 reduce to \$1,235,000.

CARRIED

The main motion of third reading of Bylaw 126, Alberni-Clayoquot Regional Hospital District Annual Budget 2019 as amended was

CARRIED

MOVED: Director Solda
SECONDED: Director Cote

THAT the Alberni-Clayoquot Regional Hospital District Board of Directors adopt bylaw, cited as “Alberni-Clayoquot Regional Hospital District 2019 Annual Budget Bylaw No. 126”.

CARRIED

4. LATE BUSINESS

5. QUESTION PERIOD

6. ADJOURN

MOVED: Director Noël
SECONDED: Director Solda

THAT this meeting be adjourned at 3:15 pm.

CARRIED

Certified Correct:

Josie Osborne,
Chairperson

Wendy Thomson,
Manager of Administrative Services

Excellent health and care, for everyone,
everywhere, every time.



February 26, 2019

Cliff 20048



John Jack Board Chair
Alberni - Clayoquot Regional District
3008-5th Ave
Port Alberni B.C. V9Y 2E3

Dear Valued Stakeholder:

On behalf of the Board of Directors and senior leadership of Island Health, we would like to thank you for your partnership over this past year in improving the health and care of the residents and communities of our region.

We are pleased to provide you with a copy of our Annual Report 2017/2018. The results and stories shared in our Annual Report showcase the health and care impact on people and communities while highlighting the strength and compassion of Island Health's care teams.

While Island Health is the provider of publicly funded health care delivery across our shared geography, the health of our residents and communities across Island Health is a shared responsibility – a responsibility we are proud to partner on with many organizations, including your own. Thank you for your commitment to improved health and care.

As we move through 2019, we will continue to work in partnership with you and your colleagues to address the health and care needs of our population.

We will focus on continuous improvement in acute and long-term care service delivery, ensuring our patient and care team experiences are better than they were last year, and we will further build upon the quality and safety successes of the past.

A critical focus for Island Health this year, and in coming years, will be on further development of integrated team-based primary and community care in line with Ministry of Health direction. The evidence is clear this is where we need to go; and other jurisdictions have shown us the way forward. Working together we are confident the residents and communities of Island Health will receive better, more appropriate care through this direction.

Executive Office

Located at: 2101 Richmond Road | Victoria, BC V8R 4R7 Canada
Mailing address: 1952 Bay Street | Victoria, BC V8R 1J8 Canada

Tel: 250-370-8699 | Fax: 250-370-8750
islandhealth.ca

We also know that much of what contributes to positive health outcomes arises as a result of the work of organizations outside of Island Health. Social determinants of health have a significant impact on positive health outcomes, and we are excited to be working with many organizations, local and regional governments, and the Provincial Government on improving these critical conditions for success.

Entering 2019 we would like to wish you all the best for a happy, healthy and prosperous new year.

If at any time you need assistance or information, please feel free to contact us through Island Health's corporate office at 250-370-8692 or by email at leah.hollins@shaw.ca or Kathryn.Macneil@viha.ca.

Sincerely,



Leah Hollins
Board Chair



Kathy MacNeil
President & CEO



REQUEST FOR DECISION

To: Regional Hospital District Board of Directors
From: Teri Fong, CPA, CGA, Manager of Finance
Meeting Date: April 10, 2019
Subject: Alberni-Clayoquot Regional Hospital District Financial Statements

Recommendation:

That the Alberni-Clayoquot Regional Hospital District Board of Directors approve the 2018 Audited Financial Statements for the Alberni-Clayoquot Regional Hospital District as presented.

Summary:

KPMG has provided the attached audit findings letter for the Alberni-Clayoquot Regional Hospital District for the year ended December 31, 2018. The approval of the financial statements by the Alberni-Clayoquot Regional Hospital District Board of Directors is a requirement of the audit. If the Directors would like a presentation from the auditors prior to the adoption of the financial statements, staff will arrange for KPMG to attend the next Regional Hospital District meeting on May 8, 2019.

Background:

The statements have been prepared by staff and audited by KPMG for the Directors consideration.

Policy or Legislation:

The statements comply with Public Sector Accounting Standards.

Submitted by: 
Teri Fong, CPA, CGA, Manager of Finance

Approved by: 
Douglas Holmes, BBA, CPA, CA, Chief Administrative Officer



KPMG LLP
Chartered Professional Accountants
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7
Canada

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Telefax (250) 480-3539
Internet www.kpmg.ca

AUDIT FINDINGS LETTER

Board of Directors
Alberni-Clayoquot Regional Hospital District Board
3008 5th Ave
Port Alberni, BC V9Y 2E3

April 4, 2019

To the Board of Directors of Alberni-Clayoquot Regional Hospital District ("ACRHD"):

We are pleased to provide the following information for your review and consideration in order to assist you in carrying out your responsibilities with respect to the review of the audited financial statements of ACRHD for the year ended December 31, 2018. A summary of the information provided is as follows:

Description

- Audit status and opinion
- Significant audit, accounting and reporting matters
- Significant qualitative aspects of accounting practices
- Misstatements and control deficiencies
- Independence

This report is intended to communicate to you the results of our examination. We would be pleased to receive any comments or suggestions for improvements, which you may have.

We would like to thank the staff and management for their cooperation and assistance during the course of our audit fieldwork. We appreciate the opportunity to serve you and look forward to a continuing relationship.

This letter is for the use of the Board of Alberni-Clayoquot Regional Hospital District for the purposes of carrying out and discharging its responsibilities and should not be used for any other purpose. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this document has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Yours very truly

Lenora Lee, CPA, CA
Engagement Partner
250.480.3588



The purpose of this Audit Findings Letter is to assist you, as a member of the Board of Directors, in your review of the results of our audit of the financial statements as at and for the year ended December 31, 2018.

This Audit Findings Report builds on the Audit Plan we presented to the Board of Directors on January 8, 2019.

AUDIT STATUS AND OPINION

As of the date of this letter, we have completed the audit of the ACRHD financial statements, with the exception of certain remaining procedures which include:

- completing our communications with the Board of Directors
- obtaining a signed representation letter
- obtaining evidence of the Board’s approval of the financial statements

We will update the ACRHD Board of Directors on any significant matters arising from the completion of the above procedures, as additional procedures or adjustments to the financial statements may be necessary.

Our audit report will be dated upon completion of any remaining procedures.

SIGNIFICANT AUDIT, ACCOUNTING AND REPORTING MATTERS

Materiality

We determine materiality in order 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. For the current period, we have determined a materiality of \$22,000 (2017 - \$30,000). This differs from the amount of \$40,000 previously communicated to you in our audit planning letter on January 8, 2019, as actual grants to Island Health were lower than planned due to timing of projects and grant payments required.

SIGNIFICANT QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

We highlight the following items as it relates to the qualitative aspects of accounting practices of ACRHD:

Significant accounting policies	<ul style="list-style-type: none"> • Critical accounting policies and practices – described in Note 2 to the financial statements. ACRHD financial statements are prepared in accordance with Public Sector Accounting Standards. There were no changes to critical or significant accounting policies.
Significant accounting estimates	<ul style="list-style-type: none"> • There are no significant estimates in the financial statements of ACRHD.
Significant disclosures	<ul style="list-style-type: none"> • There are no significant disclosures in the financial statements of ACRHD. There were no issues noted with the overall neutrality, consistency, and clarity of the disclosures in the financial statements.



SIGNIFICANT REPORTING MATTERS

Grants to Island Health

During 2018, ACRHD made payments to Island Health totaling \$471,024 (2017 - \$1,126,658). The amount paid to Island Health in the year was lower than prior year and to budget (\$1,218,452). This is a result of Island Health being behind on their capital projects. We substantively tested a sample of these grants by agreeing grant payments to supporting documentation and cash payment, also ensuring they were appropriately authorized. No errors or issues were noted.

Debenture Debt

We confirmed balances of outstanding debt with Municipal Finance Authority and agreed gross, net and terms of debt to the disclosures recorded in the financial statements. No errors or issues were noted.

MISSTATEMENTS

Adjustments and differences identified during the audit have been categorized as “Corrected adjustments” or “Uncorrected differences”. These include disclosure adjustments and differences.

Corrected adjustments

We did not identify any adjustments that were communicated to management and subsequently corrected in the financial statements.

Uncorrected differences

We did not identify differences that remain uncorrected.

CONTROL DEFICIENCIES

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 in the preceding paragraph 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.

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

INDEPENDENCE

We confirm that we are independent with respect to ACRHD within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation from January 1, 2018 up to the date of this letter.



APPENDICES

Appendix 1: Draft auditors' report

Appendix 2: Draft management representation letter

APPENDIX 1: DRAFT AUDITORS' REPORT**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of Alberni-Clayoquot Regional Hospital District

Opinion

We have audited the financial statements of Alberni-Clayoquot Regional Hospital District (the District), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations for the year then ended
- the statement of changes in net financial assets and accumulated surplus for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Alberni-Clayoquot Regional Hospital District as at December 31, 2018, and its results of operations, its changes in net financial assets and accumulated surplus and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “Auditors’ Responsibilities for the Audit of the Financial Statements” section of our auditors’ report.

We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, 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.

In preparing the financial statements, management is responsible for assessing the District's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the District's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 District's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DRAFT

Chartered Professional Accountants

Victoria, British Columbia

Date

APPENDIX 2: DRAFT MANAGEMENT REPRESENTATION LETTER

KPMG LLP
St. Andrew's Square II
800 – 730 View Street
Victoria, BC V8W 3Y7

April 10, 2019

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 Alberni-Clayoquot Regional Hospital District (“the Entity”) as at and for the period ended December 31, 2018.

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 December 7, 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 the board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries.
 - c) providing you with unrestricted access to such relevant information.
 - d) providing you with complete responses to all enquiries made by you during the engagement. providing you with additional information that you may request from us for the purpose of the engagement.
 - e) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.

- f) 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.
- g) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

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 that involves:
 - management;
 - employees who have significant roles in internal control over financial reporting; or
 - otherswhere such fraud or suspected 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 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,

Douglas Holmes, Chief Administrative Officer

Teri Fong, Manager of Finance

cc: Board of Directors

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 Canadian public sector accounting standards, *related party* is defined as:

- one party that 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 Canadian 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.

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT
Financial Statements
Year Ended December 31, 2018

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

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Year Ended December 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Alberni-Clayoquot Regional Hospital District

Opinion

We have audited the financial statements of Alberni-Clayoquot Regional Hospital District (the District), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations for the year then ended
- the statement of changes in net financial assets and accumulated surplus for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Alberni-Clayoquot Regional Hospital District as at December 31, 2018, and its results of operations, its changes in net financial assets and accumulated surplus and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “Auditors’ Responsibilities for the Audit of the Financial Statements” section of our auditors’ report.

We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, 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.

In preparing the financial statements, management is responsible for assessing the District's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the District's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DRAFT

Chartered Professional Accountants

Date

Victoria, Canada

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Statement of Financial Position

As at December 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash	\$ 3,157,671	\$ 2,315,656
Accounts receivable	7,640	3,251
Municipal Finance Authority debt reserve fund deposit (Note 3)	301,215	294,801
	3,466,526	2,613,708
FINANCIAL LIABILITIES		
Accounts payable	68,729	-
Accrued interest	25,130	25,147
Debenture debt (Note 5) (Schedule 1)	2,768,832	3,813,652
	2,862,691	3,838,799
NET FINANCIAL ASSETS (DEBT) AND ACCUMULATED SURPLUS (DEFICIT)	\$ 603,835	\$ (1,225,091)

Teri Fong, CPA, CGA
Manager of Finance

The accompanying notes are an integral part of these financial statements

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT**Statement of Operations****Year Ended December 31, 2018**

	Budget 2018	2018	2017
REVENUE			
Taxation (Schedule 2)	\$ 1,998,982	1,998,981	1,848,208
Grants in lieu of taxes	8,000	13,090	11,770
Interest revenue	20,000	57,184	32,685
Actuarial income	-	552,043	505,169
	2,026,982	2,621,298	2,397,832
EXPENSES			
Debenture debt interest	\$ 309,000	303,348	\$ 302,684
Administrative costs	18,000	18,000	18,000
Grants to Island Health	1,218,452	471,024	1,126,658
	1,545,452	792,372	1,447,342
ANNUAL SURPLUS	\$ 481,530	1,828,926	950,490

The accompanying notes are an integral part of these financial statements

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Statement of Changes in Net Financial Assets (Debt)

and Accumulated Surplus (Deficit)

Year Ended December 31, 2018

	Budget 2018	2018	2017
NET FINANCIAL ASSETS (DEBT) AND ACCUMULATED SURPLUS (DEFICIT) - BEGINNING OF YEAR	\$ (1,225,091)	\$ (1,225,091)	\$ (2,175,581)
Annual surplus	481,530	1,828,926	950,490
NET FINANCIAL ASSETS (DEBT) AND ACCUMULATED SURPLUS (DEFICIT) - END OF YEAR	\$ (743,561)	\$ 603,835	\$ (1,225,091)

The accompanying notes are an integral part of these financial statements

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT**Statement of Cash Flow****Year Ended December 31, 2018**

	2018	2017
OPERATING ACTIVITIES		
Annual surplus	\$ 1,828,926	\$ 950,490
Non-cash items included in surplus:		
Debt actuarial adjustments	(552,043)	(505,169)
Changes in non-cash working capital:		
Accounts receivable	(4,389)	(1,314)
Municipal Finance Authority debt reserve fund deposit	(6,414)	(5,639)
Accounts payable	68,729	-
Accrued interest	(17)	(3)
	57,909	(6,956)
Cash flow from operating activities	1,334,792	438,365
FINANCING ACTIVITIES		
Repayment of long term debt	(492,777)	(492,663)
INCREASE (DECREASE) IN CASH FLOW	842,015	(54,298)
Cash - beginning of year	2,315,656	2,369,954
CASH - END OF YEAR	\$ 3,157,671	\$ 2,315,656

The accompanying notes are an integral part of these financial statements

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Notes to Financial Statements

Year Ended December 31, 2018

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of the Hospital 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 Professional Accountants.

Budget reporting

The budget information reported in the statement of operations and the statement of change in net financial assets represents the 2018 budget as adopted by the District's Board on March 28, 2018.

Long-term debt

Long-term debt is obtained through the Municipal Finance Authority of British Columbia (MFA) whose policy is to issue debt denominated in Canadian dollars.

Revenue recognition

Taxation revenues are recognized in the period in which they are levied. Grants-in-lieu of property taxes and other revenues are recognized when amounts are known and collectability is reasonably assured. Interest revenue is recognized when earned.

3. DEBT RESERVE FUND

The Municipal Finance Authority of British Columbia (the "MFA") is required to establish a Debt Reserve Fund into which each borrower who shares in the proceeds of a debt issue is required to pay certain amounts set out in the debt agreements. Interest earned on these funds (less administrative expenses) becomes an obligation of the MFA to the borrower. If at any time insufficient funds are provided by the borrowers, the MFA will then use these funds to meet payments on its obligations. When this occurs, the borrowers may be called upon to restore the fund. The balance of the Debt Reserve Fund deposits at December 31, 2018 \$301,215 (2017 - \$294,801).

4. 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.

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Notes to Financial Statements

Year Ended December 31, 2018

5. DEBENTURE DEBT

All borrowings for the Hospital District are with the Municipal Finance Authority of BC (MFA). Debt interest costs are charged against revenue as incurred. The debenture debt "Schedule 1" reflects the amount of debenture debt payable.

Principal payments and sinking fund installments due within the next five year and thereafter are as follows:

2019	\$	1,077,469
2020		953,783
2021		508,070
2022		151,359
2023		67,274
Thereafter		10,877
		\$2,768,832

6. 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 not exposed to significant credit risk on accounts receivable. 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.

7. BUDGET RECONCILIATION

Budget figures represent the budget bylaw adopted by the Board on March 28, 2018.

Adjustments to the 2018 budgeted annual surplus

Consolidated financial plan balanced cash budget as approved March 28, 2018	\$	-
Add principal debt payments		493,000
Less surplus from prior years		(11,470)
Surplus per Statement of Operations	\$	481,530

8. COMMITMENTS

As at December 31, 2018, the Hospital District has outstanding grant commitments to Island Health in the amount of \$786,000.

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Schedule of Debenture Debt

(Schedule 1)

Year Ended December 31, 2018

By-law	MFA Issue	Maturity date	Term	Rate	Amount Borrowed	Total Instalments to date	Actuarial addition	2018 Balance	2017 Balance
82	93	06 Apr 2025	20	5.10%	\$ 14,342	\$ 8,484	\$-	\$ 5,858	\$ 6,613
75	93	06 Apr 2025	20	5.10%	73,282	43,350	-	29,932	33,793
75	79	03 Jun 2023	20	2.10%	335,361	152,133	73,047	110,182	130,843
75	78	03 Dec 2022	20	2.25%	438,966	212,408	102,861	123,697	151,402
82	77	01 Jun 2022	20	1.75%	189,866	91,873	47,933	50,060	62,346
75	77	01 Jun 2022	20	1.75%	1,421,473	687,824	358,863	374,786	466,765
82	75	01 Dec 2021	20	1.75%	1,395,420	717,419	377,555	300,446	392,945
75	75	01 Dec 2021	20	1.75%	3,120,611	1,604,381	844,335	671,895	878,751
82	73	01 Dec 2020	20	2.10%	66,158	37,745	18,940	9,473	14,020
75	73	01 Dec 2020	20	2.10%	4,071,247	2,322,753	1,165,531	582,963	862,800
75	72	01 Jun 2020	20	2.10%	3,048,354	1,739,166	931,404	377,784	592,023
75	71	01 Dec 2019	20	2.10%	1,243,870	747,278	407,570	89,022	178,617
Unamortized debenture discount								42,734	42,734
					15,418,950	8,364,814	4,328,039	\$ 2,768,832	\$ 3,813,652

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

ALBERNI-CLAYOQUOT REGIONAL HOSPITAL DISTRICT

Schedule of Member Municipalities Tax Requisitions

(Schedule 2)

Year Ended December 31, 2018

	Budget 2018	2018	2017
MUNICIPALITIES			
Port Alberni	\$ 766,806	766,805	707,654
District of Tofino	349,169	349,169	319,200
District of Ucluelet	174,527	174,527	157,212
	<u>1,290,502</u>	1,290,501	<u>1,184,066</u>
FIRST NATIONS			
Huu-ay-aht First Nations	359	359	376
Yuu?u?i??at?	1,683	1,683	1,745
	<u>2,042</u>	2,042	<u>2,121</u>
ELECTORAL AREAS			
"A" Bamfield	60,379	60,379	57,408
"B" Beaufort	35,508	35,508	32,605
"C" Long Beach	74,062	74,062	70,008
"D" Sproat Lake	294,785	294,785	279,606
"E" Beaver Creek	114,305	114,305	105,121
"F" Cherry Creek	127,399	127,399	117,273
	<u>706,438</u>	706,438	<u>662,021</u>
	\$ 1,998,982	1,998,981	1,848,208