



SEA TO SKY
REGIONAL HOSPITAL DISTRICT

Financial Statements
For the year ended December 31, 2016

**Sea to Sky Regional Hospital District
Financial Statements
For the year ended December 31, 2016**

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Statement of Management Responsibility

The 2016 financial statements have been prepared by Regional District staff and are the responsibility of management. Management's responsibilities also include maintaining a system of internal controls for financial statement reliability purposes and for the protection of the Regional Hospital District's assets. The financial statements have been prepared in accordance with generally accepted accounting principles for local governments, as established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The Board of the Regional Hospital District has approved these financial statements at their Board meeting of April 19, 2017.

BDO Canada LLP, the Regional Hospital District's independent external auditors, have examined the Regional Hospital District's financial statements in accordance with generally accepted auditing standards. In their opinion, as expressed in their audit report, the Regional Hospital District's financial statements present fairly in all material respects the financial position of the Regional Hospital District as at December 31, 2016, and the results of operations and cash flows for the year then ended.



Suzanne Lafrance
Director of Finance
[April 19, 2017]

Independent Auditor's Report

To the Chairperson and Directors of the Sea to Sky Regional Hospital District

We have audited the accompanying financial statements of the Sea to Sky Regional Hospital District, which comprise the Statement of Financial Position as at December 31, 2016, and the Statements of Operations, Cash Flows and Changes in Net Debt 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 and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 and fair presentation 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 overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Sea to Sky Regional Hospital District as at December 31, 2016, and the results of its operations, changes in net debt, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants
Whistler, British Columbia
April 19, 2017

**Sea to Sky Regional Hospital District
Statement of Financial Position**

As at December 31	2016	2015
Financial Assets		
Cash and Cash Equivalents (Note 3)	\$ 883,760	\$ 609,198
Sinking Funds Held by MFA	93,679	91,576
	\$ 977,439	\$ 700,774
Liabilities		
Accounts Payable	\$ 6,705	\$ 18,802
MFA Long-term Debt (Note 4)	5,442,064	5,756,781
	5,448,769	5,775,583
Net Debt and Accumulated Deficiency (Note 5)	\$ (4,471,330)	\$ (5,074,809)

Approved by:



Treasurer



Chair

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**Sea to Sky Regional Hospital District
Statement of Operations**

For the year ended December 31	Budget 2016 (Note 6)	2016	2015
Revenue			
Requisition	\$ 878,873	\$ 878,873	\$ 878,873
Interest/Investment Income	2,000	8,308	3,082
Other Revenue	-	68,095	56,173
Contributions From Other Governments	470	447	474
	881,343	955,723	938,602
Expenses			
Administration Charges	4,000	3,786	3,128
Bank Charges	540	152	537
Miscellaneous Operating Cost	6,480	6,769	5,530
Section 20(3) Expenditures - Capital Equipment	-	-	10,306
Interest	341,537	341,537	341,537
	352,557	352,244	361,038
Annual Surplus	528,786	603,479	577,564
Accumulated Surplus (Deficiency), beginning of year	(5,074,809)	(5,074,809)	(5,652,373)
Accumulated Surplus (Deficiency), end of year	\$ (4,546,023)	\$ (4,471,330)	\$ (5,074,809)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**Sea to Sky Regional Hospital District
Statement of Cash Flows**

	2016	2015
Cash provided by (used in)		
Operating Transactions		
Annual Surplus	\$ 603,479	\$ 577,564
Non Cash Items		
Other Revenues	(68,095)	(56,173)
Changes in Non-cash Operating Balances		
Accounts Payable	(12,096)	(185,507)
	523,288	335,884
Financing Transactions		
Principal Payments	(248,726)	(248,726)
	(248,726)	(248,726)
Increase in cash and cash equivalents for the year	274,562	87,158
Cash and cash equivalents, beginning of year	609,198	522,040
Cash and cash equivalents, end of year	\$ 883,760	\$ 609,198

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**Sea to Sky Regional Hospital District
Statement of Changes in Net Debt**

As at December 31	Budget 2016 (Note 6)	2016	2015
Annual Surplus	\$ 528,786	\$ 603,479	\$ 577,564
Net Debt, beginning of the year	(5,074,809)	(5,074,809)	(5,652,373)
Net Debt, end of year	\$ (4,546,023)	\$ (4,471,330)	\$ (5,074,809)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Sea to Sky Regional Hospital District

Notes to the Financial Statements

For the year ended December 31, 2016

1. Incorporation

The Sea to Sky Regional Hospital District was established by an Order of the Lieutenant Governor in Council on November 19, 1998 and effectively commenced operations on January 1, 1999. The Regional Hospital District raises funds through requisition of taxes from property owners within its geographical boundaries. These revenues are used to fund capital equipment purchases for hospitals in the area through local community health authorities. The Regional Hospital District is not subject to income taxes.

2. Significant Accounting Policies

The Regional Hospital District is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards (PSAB) of the Chartered Professional Accountants Canada. Significant principles are as follows:

(i) **Cash and Cash Equivalents**

Cash consists of cash on hand, cash in transit, and cash on deposit. Cash equivalents are short-term investments made to obtain a return on a temporary basis and are carried at the lower of cost or market value.

(ii) **Revenue Recognition**

Sources of revenue are recorded on the accrual basis and recognized in the period in which they are earned.

(iii) **Government Transfers**

Government transfers, which include legislative grants, are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

(iv) **Requisition Revenue**

Requisition revenue is recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. Annual levies for non-optional Regional Hospital District services and general administrative services are recorded as requisition revenue for Regional Hospital District services in the year they are levied. Requisition revenue receivable is recognized net of an allowance for anticipated uncollectible amounts. Levies imposed by other taxing authorities are not included as taxes for Regional Hospital District purposes.

To the extent that adjustments for uncollectible amounts exceed the initial estimates, they are recognized at the time they are received.

(v) **Financial Instruments**

The Regional Hospital District's financial instruments consist of cash and cash equivalents, sinking funds held by MFA and accounts payable. Financial instruments are carried at market value, which approximates costs, or amortized costs. Unless otherwise indicated, it is management's opinion that the Regional Hospital District is not exposed to any significant interest, credit or currency risks arising from these financial instruments.

(vi) **Long-term Debt**

MFA long-term debt is initially measured at cost and subsequently at amortized cost.

3. Investments

At December 31	2016	2015
MFA-CIBC Mellon	\$878,298	\$603,489

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Included in cash and cash equivalents are MFA Funds held in a CIBC Mellon Money Market account. These funds are tax requisition funds invested for regular Hospital District operations and are carried at market value which approximates cost.

Average yield on the MFA money market investment in 2016 was 1.12% (2015 = 0.55%)

4. MFA Long-term Debt

(a) Sinking fund debentures issued through the Municipal Finance Authority:

Issue	Interest Rate	Amount
105 Issued in 2009, maturing in 2029	4.90%	\$3,401,385
106 Issued in 2009, maturing in 2029	4.13%	2,040,679
		\$5,442,064

(b) Future principal payments on existing debt:

2017	\$248,726
2018	248,726
2019	248,726
2020	248,726
2021	248,726
Thereafter	1,989,805
	<u>3,233,435</u>
Actuarial additions	2,208,629
	\$5,442,064

5. Accumulated Surplus (Deficiency)

	2016	2015
Components of Accumulated Surplus (Deficiency):		
Unrestricted	\$87,732	\$92,722
Appropriated for Section 20(3) Reserve	814,907	533,077
MFA Debt Reserve Fund increase	2,103	2,286
MFA Debt Actuarial Recognized	65,992	53,887
Issued Debt to be Recovered through Future Taxation	(5,442,064)	(5,756,781)
Accumulated Surplus (Deficiency), end of year	\$ (4,471,330)	\$ (5,074,809)

6. Budget

The 2016 budget was approved by the Board through the adoption of Bylaw No. 34 - 2016 on March 16, 2016. The budget includes items not shown on the statement of operations as identified below:

Annual budgeted surplus as reported in these financial statements	\$528,786
Adjustments for items not reflected in financial statements	
Budgeted Operating Surplus/(Deficit) Brought Forward	1,770
MFA Debt Principal Payments	(248,726)
Contingency Expense	(281,830)
Budgeted Annual Surplus	\$0