



MOUNT WADDINGTON REGIONAL HOSPITAL DISTRICT

AUGUST 18, 2020 MEETING AGENDA

Following the Regional District of Mount Waddington Board of Directors Meeting
Board Room, RDMW Administrative Office, 2044 McNeill Road, Port McNeill, BC

- Page **CALL TO ORDER**
- A. APPROVAL OF AGENDA**
- 1 1. Adoption of August 18, 2020 MWRHD Meeting Agenda as Presented (Or amended)
- B. DELEGATIONS & RECOGNITIONS - None**
- C. ADOPTION OF MINUTES**
- 2-3 1. Minutes of the MWRHD Meeting held July 21, 2020, as Presented (Or amended)
- D. CORRESPONDENCE - None**
- E. REPORTS -**
- 4 1. Draft Financial Statements for 2019
- 5-13 2. Draft Financial Statement for Board Review
- F. BYLAWS – None**
- G. COMMITTEE REPORTS**
- H. HEALTH NETWORK BUSINESS - None**
- I. NEXT MEETING – September 15, 2020**
- J. ADJOURNMENT**



MOUNT WADDINGTON REGIONAL HOSPITAL DISTRICT

July 21, 2020 Minutes

Following the Regional District of Mount Waddington Board of Directors Meeting
Board Room, RDMW Administrative Office, 2044 McNeill Road, Port McNeill, BC

Present: In person: Andrew Hory (Chair), Dennis Buchanan, Gaby Wickstrom, Rod Sherrell,
John Tidbury, Sandra Daniels
Via Zoom: Directors Dennis Dugas, James Furney, Kevin Cameron
Teleconf: None

Regrets:
Staff: In person: Greg Fletcher, Angela Smith, Nadine Weldon
Media: None
Public: Jeanne James-Hory

Resolution No. **CALL TO ORDER** **Time 4:23 PM**

The Chair opened the meeting by acknowledging that this meeting is taking place on the traditional territory of the Kwak'waka speaking peoples.

A. APPROVAL OF AGENDA

1. Adoption of July 21, 2020 MWRHD Meeting Agenda as presented.

031/2020 Moved/Seconded/**CARRIED**
THAT the July 21, 2020 MWRHD Meeting Agenda be approved as presented.

B. DELEGATIONS – NONE

C. ADOPTION OF MINUTES

1. Minutes of the MWRHD Meeting held June 16, 2020.

032/2020 Moved/Seconded/**CARRIED**
THAT the June 16, 2020 MWRHD Meeting Minutes be approved as circulated.

D. CORRESPONDENCE – NONE

E. REPORTS – NONE

F. BYLAWS - NONE

G. COMMITTEE REPORTS – NONE

H. HEALTH NETWORK BUSINESS

1. Mount Waddington Health Network Coordinator Report dated July 21, 2020. *Also noted:*
 - There will be toy drive in Port Hardy, with the RCMP will be distributing to families

033/2020 Moved/Seconded/**CARRIED**
THAT the Mount Waddington Health Network Coordinator Report to be received and filed.

I. OTHER BUSINESS

Lab hours at the local hospitals are currently Monday to Friday, which creates a logistics problem for people who work during the week. John Tidbury would like the RDMw to

send a letter to VIHA requesting that scheduling a minimum of one Saturday a month for lab hours to assist with people be able to attend.

034/2020

Moved/Seconded/**CARRIED**

THAT the Mount Waddington Regional Hospital District send a letter to VIHA requesting that blood work lab time be available a minimum of one Saturday a month to assist people who are working through the week and are unable to take time off to get blood work done during the week.

J. NEXT MEETING – August 18, 2020 following the RDMW Board of Directors meeting.

035/2020

J. ADJOURNMENT

Time 4:49 PM

CHAIR

SECRETARY

DRAFT



MOUNT WADDINGTON REGIONAL HOSPITAL DISTRICT

TO: Board of Directors
SUBJECT: Manager's Report - Finance
DATE: August 18, 2020

1. 2019 Audit

Chan Nowasad Boates (CNB) conducted their final audit for 2019 fiscal year during the first week of August. We have drafted financial statements with no outstanding issues. The Hospital Regional District's financial statements will go through two levels of partner review before CNB sends out drafts to our management, which is then provided to the Board. Final audit report is scheduled to be prepared prior to the end of August.

2. 2020 Tax Levy

In accordance with Section 25(1) of the Hospital District Act, the amount that is supposed to be raised by taxation for the year 2020 from Port Alice is \$50,879. The amount they actually remitted is \$19,562. The outstanding balance of \$31,317 is associated with Neucel's bankruptcy proceeding.

All other member municipalities, Port McNeill, Port Hardy and Alert Bay have remitted their tax levy in full on time.

Respectfully submitted,

Rose Liu
Treasurer

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Financial Statements

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	2019	2018
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Financial Assets		
Cash and cash equivalents	190,572	1,037,532
Temporary investments	1,751,570	709,688
Accounts receivable	81,764	1,359
Portfolio investments	253,765	507,921
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	2,277,671	2,256,500
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Financial Liabilities		
Accounts payable	6,290	73,851
Other liabilities (note 4)	644,342	668,744
Short-term debt		-
Long-term debt (note 5)	959,659	1,154,362
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	1,610,291	1,896,957
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Net Financial Assets and Accumulated Surplus	667,380	359,543
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Rose Liu
Treasurer

	2019 Budget (note 7)	2019	2018
Revenue			
Taxation	684,700	688,799	687,215
Grants	2,000		7,576
Interest earned	28,000	53,647	36,778
Actuarial income	-	81,634	74,461
	714,700	824,080	806,030
Expenses			
Administration (note 3)	135,500	97,153	123,372
Interest paid on debt	69,500	55,844	59,697
Grants to others	-		-
Grants to Health Authority	450,000	363,246	530,850
	655,000	516,243	713,919
Annual Surplus	59,700	307,837	92,111
Accumulated surplus (deficit), Beginning of the year	359,543	359,543	267,432
Accumulated surplus, End of the year	419,243	667,380	359,543

	2019	2018
Operating Transactions		
Annual Surplus	307,837	92,111
Non-cash items included in surplus		
Debt actuarial adjustments	(81,634)	(74,461)
	226,203	17,650
Change in non-cash working capital balances related to operations		
(Increase) decrease in accounts receivable	(80,405)	3,488
Increase (decrease) in accounts payable	(67,561)	(22,466)
Increase (decrease) in other liabilities	(24,402)	(15,107)
Cash provided by (used for) operating transactions	(172,368)	(16,435)
Investing Transactions		
(Increase) decrease in portfolio investments	254,156	(507,921)
(Increase) decrease in temporary investments	(1,041,882)	446,284
Cash used for investing transactions	(787,726)	(61,637)
Financing Transactions		
Issuance of long-term MFA debt		505,051
Repayment of short-term MFA debt		(789,115)
Repayment of long-term MFA debt	(194,703)	(69,014)
Cash used for financing transactions	(194,703)	(353,078)
Net change in cash and cash equivalents	(846,960)	(431,150)
Cash and cash equivalents, Beginning of the year	1,037,532	1,468,682
Cash and cash equivalents, End of the year	190,572	1,037,532

1. OPERATIONS

The Mount Waddington Regional Hospital District (the Hospital District) operates under the authority of the Hospital District Act and shares the same boundaries, directors and administrative staff as the Mount Waddington Regional District (the Regional District). It partners with Vancouver Island Health Authority and community agencies to develop and improve health-related facilities in the region. Its principal activity is to contribute funding towards construction projects and equipment purchases for healthcare facilities owned by the Vancouver Island Health Authority. These operating activities are funded through property taxes and debt.

The Hospital District prepares a set of audited financial statements independent from the Regional District. It owns no Tangible Capital Assets by itself and a statement of change in net financial assets has not been prepared as it would provide no useful information.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Mount Waddington Regional Hospital District are prepared by management in accordance with Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants Canada. Significant accounting policies adopted by the Hospital District are as follows:

- (a) **Basis of Accounting**

The accrual basis for recording revenue and expenses has been followed, whereby revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue, and expenses are recognized in the period the goods and services are acquired and a liability is incurred, whether or not a current cash flow is associated with the transaction.
- (b) **Cash and Cash Equivalents**

Cash equivalents include short-term highly liquid investments with a term to maturity of 90 days or less at acquisition. Pooled investments of the Municipal Finance Authority (MFA) are carried at cost, which approximates fair market value.
- (c) **Financial Instruments**

Financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, temporary and portfolio investments and long-term debt. Unless otherwise noted, it is management's opinion that the Hospital District is not exposed to significant interest, currency or credit risk arising from these financial instruments.
- (d) **Revenue Recognition**

Revenue is recorded in the period in which the transactions or events that gave rise to the revenue occur. Externally restricted amounts that have been received from non-government sources in advance of services being rendered are recorded as deferred revenues until the Hospital District discharges the obligations that led to the collection of funds. Taxes are recognized in the year levied. Government grants with or without eligibility criteria are recognized as revenue in the period in which the grant is authorized and any eligibility criteria have been met, except where the transfer gives rise to an obligation that meets the definition of a liability, in which case revenue is recognized as the liability is settled. Contributions are recorded when

the event giving rise to the contribution occurs. Investment income and other earnings are recorded in the year they are earned.

(e) **Use of Estimates**

The preparation of financial statements in accordance with PSAS requires management to make when necessary, 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 revenue and expenses during the accounting period.

(f) **Temporary Investments**

Temporary investments are short-term investments with an original maturity date of one year or less and are accounted for using the cost method.

(g) **Portfolio investments**

Portfolio investments are long-term investments with an original maturity date of more than a year and are accounted for using the cost method. Provisions for declines in the market value of portfolio investments are recorded when they are considered to be other than temporary. Declines in the market values of investments are considered to be other than temporary when the carrying value exceeds market value for more than three years.

(h) **Adoption of New Accounting Standards**

i. PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions

Effective January 1, 2018, the Hospital District adopted the recommendations relating to PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

These new Sections define a related party and establish disclosures required for related party transactions. Disclosure is required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have a material financial effect on the financial statements. They also establish standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

There was no material impact on the financial statements of adopting the new Sections.

ii. PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights

Effective January 1, 2018, the Hospital District adopted the recommendations relating to PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

PS 3210 Assets provides additional guidance to clarify the definition of assets set out in PS 1000 Financial Concepts.

PS 3320 Contingent Assets establishes disclosure standards on contingent assets.

PS 3380 Contractual Rights establishes disclosure standards on contractual rights and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Section are as follows:

- Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.
- Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.
- Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

There was no material impact on the financial statements of the new Sections.

3. RELATED PARTY TRANSACTIONS

The Board Members of the Mount Waddington Regional District sit on the board of the Mount Waddington Regional Hospital District. 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, administrative support services supplied to the Hospital District by the Regional District totalled \$90,500 (2018, \$88,500). On the 2019 Statement of Operations, this amount is presented as part of Administration Expense.

4. OTHER LIABILITIES

Other Liabilities represent grant funding from the Vancouver Island Health Authority for the Mount Waddington Health Network. The funding is for public participation with its member communities for the enhancement of health services in the Regional District. Management of these funds is the direct responsibility of the Health Network.

5. LONG-TERM DEBT

The Hospital District's long-term borrowing is secured through the Municipal Finance Authority (MFA). The debt is reported net of actuarial balances.

The Hospital District executed MFA loan Issue # 77 in 2002 to finance capital expenditures of Alert Bay Cormorant Island Health Centre. Based on 20-year term, the interest rate was 6.06% for the first 10 years, then it was refinanced in June 2011 and the new rate was 3.05%. Five years later (June 2016), it was refinanced again and the current rate until June 2021 is 1.75%.

The Hospital District executed MFA loan Issue # 145 in 2018 to finance capital expenditures of a Port Hardy 11-Bed Residential Care Facility.

	Maturity date	Interest rate	Gross debt	Repayments & Actuarial earnings	2019	2018
Issue # 77	Jun 01, 2022	1.75%	2,282,000	1,783,337	498,663	649,311
Issue # 145	Apr 23, 2028	2.65%	505,051	44,056	460,995	505,051
MFA debenture debt			2,787,051	1,827,393	959,658	1,154,362

The aggregate amount of principal payments required on the Hospital District's long-term debt during each of the next five years is as follows:

	Issue # 77	Issue # 145	Total
2020	69,014	44,056	113,070
2021	69,014	44,056	113,070
2022	69,014	44,056	113,070
2023		44,056	113,070
2024		44,056	113,070

6. MUNICIPAL FINANCE AUTHORITY RESERVE DEPOSITS

The Hospital District secures its long-term debts through the Municipal Finance Authority (MFA). As a condition of these borrowings the MFA requires establishment of a fund equal to one half the annual installment of principal and interest of the long-term debt issued. The cash portion of the fund is equal to 1% of the total principal borrowed with the remainder made up of a non-interest bearing promissory note. The MFA adds interest earned by the cash reserves and deducts expenses. Due to their contingent nature neither the asset nor the liability is recorded in the financial statements. The balance of the MFA debt reserve fund as at December 31, 2019 is \$47,706 (2018, \$46,620).

7. BUDGET

Budget figures represent the Financial Plan Bylaw adopted by the Board on March 19, 2019. The financial plan forms the basis for taxation rates and other charges for a particular year. The following reconciliation of the budgeted Annual Surplus is provided to show which items must be added or removed to reflect the budgeted financial plan.

	<u>2019</u>	<u>2018</u>
Budgeted Annual surplus per Statement of Operations	333,656	59,700
Transfers to (from) Non-statutory reserves	130,187	210,600
Transfers to (from) Statutory reserves	90,400	-
Health Authority Liability		220,300
Debt principal repayments	113,069	500,000
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Budgeted Surplus, per Bylaw No. 105	<u>333,656</u>	<u>349,100</u>

8. STATEMENT OF CHANGES IN NET DEBT

A statement of changes in net debt has not been prepared as the Hospital District does not have any non-financial assets and a reconciliation of Net Debt to Accumulated Surplus does not provide any further meaningful information.

9. COMPARATIVE FIGURES

Certain prior year amounts have been reclassified to conform to current year presentation.

10. SUBSEQUENT EVENT NOTE

COVID-19:

In March 2020, the outbreak of pandemic COVID-19 caused governments worldwide to enact emergency measures to combat the spread of the virus. These measures, which include the implementation of facility closures, travel restrictions, self-isolation periods, and social and physical distancing, will have a significant impact on the local and global economy. At this time, it is not possible to reliably estimate the length and severity of the COVID-19 outbreak and how it may impact the Regional District's financial results for 2020.

Port Alice Taxation Shortfall:

In accordance with Section 25(1) of the Hospital District Act, the amount required to be raised by taxation for the year 2020 from Port Alice is \$50,879. The Regional District has received \$19,562. The outstanding balance is associated with Neucel Specialty Cellulose pulp mill's bankruptcy proceeding.