



Staff Report

DATE: January 3, 2019

FILE: H-AB

TO: Chair and Directors
Regional Hospital District Board

FROM: Russell Dyson
Chief Administrative Officer

Supported by Russell Dyson
Chief Administrative Officer

R. Dyson

RE: **2019 Provisional Budget**

Purpose

To bring forward for information and review the 2019 provisional budget as part of the orientation process for the new Comox Strathcona Regional Hospital District (CSRHD) Board. The 2019 recommended budget will be presented to the CSRHD Board at its regular meeting on February 7, 2019 so as to include Island Health's annual project funding requests received at the end of January.

Recommendation from the Chief Administrative Officer

No recommendation at this time.

Executive Summary

The provisional budget is a legislative requirement for regional hospital districts and provides the authority for expenditures until it is replaced by the annual budget adopted by the CSRHD board before March 31, 2019.

The 2019 provisional budget, adopted by the CSRHD board on October 11, 2019, has limited changes from the prior year other than entries for the new long-term debt for the two North Island Hospital campuses. Highlights include:

- Annual funding allocation of \$1,850,000 for minor equipment and projects (\$5,000 up to < \$1,500,000), representing a 40 per cent share of capital equipment/project costs with Island Health providing the balance of 60 per cent, with the exception of the Cumberland Regional Laundry for which the 40 per cent is evenly shared with the Nanaimo Regional Hospital District at 20 percent each. This funding allocation will be funded entirely through current year taxation.
- Annual unconditional grants of \$5,000 for each of the six named health facilities other than hospitals, totaling \$30,000, as per the CSRHD financial planning policy.
- Major capital projects greater than \$1.5 million:
 - Per memorandum of understanding with Island Health and the cash flow submitted in 2014, the final \$3.1 million, inclusive of the \$2.93 million project reserve, is incorporated into the 2019 financial plan for the North Island Hospitals

Project (NIHP). Prior to the payment of the project reserve, the CSRHD board will be presented with the request from Island Health.

- \$289,468 is carried forward to 2019 for the balance of the Unit Dose Medication Distribution (UDMD) project.
- The CSRHD entered into long-term debt with the Municipal Finance Authority for the NIHP in September 2018 for \$89,898,989 at a rate of 3.2 per cent, amortized over 10 years.
- Total debt servicing costs for the CSRHD are as follows:
 - Issue 99 – principal = \$16,304, interest = \$8,496 (matures 2026)
 - Issue 146 (NIHP) – principal = \$7.8 million, interest = \$2.9 million (matures 2028)
- A contribution to the future expenditures reserve of \$4.2 million is presently scheduled to be made in August 2019. As such a contribution would result in a total fund balance exceeding the existing target of \$10 million plus committed funds, by an estimated \$1.4M, the Board may wish to consider reducing the 2019 reserve contribution by \$2M in an effort to facilitate an equivalent reduction in the CSRHD tax requisition to \$15M. This would limit the overall taxation impacts to the same ratepayers shared with the regional solid waste management service where requisition increases planned since 2016 are proposed to come into effect in 2019.
- The 2019 requisition of \$17,000,000 is unchanged from prior years translating to a 2019 proposed residential rate per \$1,000 taxable value of \$0.6634.
 - The 2019 completed roll assessed values will have been just received in early January and therefore have yet to be incorporated in order to update the 2019 apportionments by jurisdiction. However, as the requisition is maintained at the same level as 2018 there will be little or no change for taxpayers in 2019.

Prepared by:

Concurrence:

K. Douville

B. Dunlop

Kevin Douville, B.COMM
Manager of Financial Planning

Beth Dunlop, CPPB, CPA, CGA
Corporate Financial Officer

Attachments: Appendix A – Requisition apportionment
Appendix B – 2019 consolidated CSRHD provisional budget
Appendix C – 2019 Budget summary and details

Appendix A

Participant	2018 Revised Converted Assessments	2019 Proposed Requisition	%
Electoral Areas			
Area A - Baynes Sd-Denman/Hornby	241,657,411	1,603,221	9.4%
Area B - Lazo	176,557,678	1,171,331	6.9%
Area C - Puntledge-Black Creek	231,860,240	1,538,224	9.0%
Area A - Sayward Valley	20,920,341	138,791	0.8%
Area B - Cortes	32,702,976	216,960	1.3%
Area C - Discovery Islands-Mainland Inlets	80,808,672	536,107	3.2%
Area D - Oyster Bay-Buttle Lake	115,563,659	766,681	4.5%
Area A - Kyuquot-Nootka	18,290,098	121,341	0.7%
Member Municipalities			
Campbell River	630,953,013	4,185,913	24.6%
Comox	293,241,346	1,945,442	11.4%
Courtenay	626,275,362	4,154,880	24.4%
Cumberland	71,364,938	473,454	2.8%
Gold River	13,186,604	87,483	0.5%
Sayward	3,508,255	23,275	0.1%
Tahsis	4,121,344	27,342	0.2%
Zeballos	1,440,063	9,554	0.1%
	2,562,452,000	17,000,000	
Residential rate per \$1,000 taxable value		0.6634	
For a home assessed at	\$	400,000	
Residential levy	\$	265	

Appendix B
2019 Consolidated Provisional Budget

Revenue

Grants in lieu of taxes	\$ 182,000
Requisition	17,000,000
Transfer from reserves	3,381,378
Interest revenue	80,000
Surplus prior year	0
	<u><u>\$ 20,643,378</u></u>

Expenditures

Administration expense	\$ 151,000
Governance expenses	54,000
Benefits	100
Bank charges	500
Travel	18,000
Legal fees	10,000
Professional fees	152,898
Bank/loan interest operating	22,000
Funds for future expenditures	4,230,000
Long term debt financing costs	10,743,502
Short term debt financing costs	0
Capital grants	5,261,378
	<u><u>\$ 20,643,378</u></u>

Budget Departmental Report

APPENDIX C

From Category : 0 To Category : 0
 Account Code : ??-?-?-??? To : ??-?-?-???

Budget Detail : Provisional Budget
 Year : 2019



Account Code	Account Description	CC1	CC2	CC3	2018 Approved Budget	2019 Provisional Budget
GENERAL REVENUE FUND						
General Revenue Fund						
REVENUE						
50-1-0-005	GRANTS IN LIEU OF TAXES				82,000	182,000
50-1-0-012	PROV GRANTS - DEBT SVC CHGS)				0	0
50-1-0-015	REQUISITION - ELECTORAL AREAS				6,099,292	6,099,292
50-1-0-020	REQUISITION - MUNICIPAL				10,900,708	10,900,708
50-1-0-120	INTEREST REVENUE				60,000	80,000
50-1-0-126	DEBENTURE REFUNDS				0	0
50-1-0-128	OTHER REVENUE				0	0
50-1-0-145	TSFR FR RESERVE				0	0
50-1-0-150	SURPLUS PRIOR YEAR				753,953	0
Total REVENUE					17,895,953	17,262,000
EXPENSES						
50-2-0-200	ADMINISTRATION EXPENSE				151,000	151,000
50-2-0-220	GOVERNANCE EXPENSES				54,000	54,000
50-2-0-221	SALARIES & WAGES				0	0
50-2-0-225	BENEFITS				100	100
50-2-0-238	WCB				0	0
50-2-0-246	BANK CHARGES				500	500
50-2-0-284	MEETING EXPENSE				0	0
50-2-0-320	TRAVEL				18,000	18,000
50-2-0-335	ADVERTISING				0	0
50-2-0-353	PUBLIC RELATIONS				0	0
50-2-0-381	LEGAL FEES				10,000	10,000
50-2-0-387	PROFESSIONAL FEES				166,390	152,898
50-2-0-470	CONTR TO RSV SEC 20(2)				0	0
50-2-0-475	CONTR TO CAP & LOAN FUND				0	0
50-2-0-480	TRANSFER TO CAPITAL				304,142	1,880,000
50-2-0-485	FUNDS FOR FUTURE EXPENDITURES				2,636,299	4,230,000
50-2-0-486	FUNDS FOR FUTURE MAJOR PROJECTS				0	0
50-2-0-500	BANK/LOAN INTEREST OPERATING				22,000	22,000
50-2-0-501	TEMPORARY BORROWING INTEREST				0	0
50-2-0-505	LONG TERM DEBT PRINCIPAL				66,902	7,858,238
50-2-0-506	LONG TERM DEBT INTEREST				22,620	2,885,264
50-2-0-507	INTERIM FINANCING PRINCIPAL				12,500,000	0
50-2-0-508	INTERIM FINANCING INTEREST				1,944,000	0
Total EXPENSES					17,895,953	17,262,000
Surplus/(Deficit)					0	0
Category Total -->					0	0
CAPITAL & LOAN FUND						
Capital Fund						
REVENUE						
51-1-0-012	PROV GRANTS - CAPITAL				0	0
51-1-0-140	INTERIM FINANCING PROCEEDS				6,395,000	0
51-1-0-145	TRANSFER FR RESERVE				2,141,276	3,381,378

Budget Departmental Report

APPENDIX C

From Category : 0 To Category : 0
 Account Code : ??-?-?-??? To : ??-?-?-???

Budget Detail : Provisional Budget
 Year : 2019

Account Code	Account Description	CC1	CC2	CC3	2018 Approved Budget	2019 Provisional Budget
51-1-0-148	TRANSFER FR GENERAL				304,142	1,880,000
51-1-0-149	DEBT PROCEEDS				94,019,633	0
51-1-0-150	UNEXPENDED DEBT PROCEEDS PRIOR YR				0	0
Total REVENUE					102,860,051	5,261,378
EXPENSES						
51-2-0-470	CAPITAL GRANTS FUNDED BY DEBT				0	0
51-2-0-471	CAPITAL GRANTS FUNDED BY OPERATING				269,142	1,850,000
51-2-0-472	GLOBAL GRANTS FUNDED BY OPERATING				35,000	30,000
51-2-0-473	CAPITAL GRANTS FUNDED BY RESERVES				967,276	0
51-2-0-474	MAJOR CAPITAL PROJECTS				7,569,000	3,381,378
51-2-0-479	CAPITAL BUILDING				0	0
51-2-0-502	DEB DISCOUNT/ISSUE EXPENSE				940,196	0
51-2-0-504	TEMPORARY BORROWING PAYDOWN				93,079,437	0
51-2-0-550	DEFICIT PRIOR YEAR				0	0
Total EXPENSES					102,860,051	5,261,378
Surplus/(Deficit)					0	0
Category Total -->					0	0
Grand Total -->					0	0



Account Code ID	Account Name Description	Status	Quantity	Rate	Burden %	Amount
GENERAL REVENUE FUND						
General Revenue Fund						
REVENUE						
50-1-0-005	GRANTS IN LIEU OF TAXES					
1		A	1.00	-182000.00	0.0000	-182,000
	Total :					-182,000
50-1-0-015	REQUISITION - ELECTORAL AREAS					
3	.6618 per \$1000 based on 2018 completed roll	A	1.00	-6099292.00	0.0000	-6,099,292
	Total :					-6,099,292
50-1-0-020	REQUISITION - MUNICIPAL					
4	.6618 per \$1000 based on 2018 completed roll	A	1.00	-10900708.00	0.0000	-10,900,708
	Total :					-10,900,708
50-1-0-120	INTEREST REVENUE					
5		A	1.00	-80000.00	0.0000	-80,000
	Total :					-80,000
EXPENSES						
50-2-0-200	ADMINISTRATION EXPENSE					
9	CVRD support services	A	1.00	151000.00	0.0000	151,000
	Total :					151,000
50-2-0-220	GOVERNANCE EXPENSES					
166	12 meetings @ \$4500	A	12.00	4500.00	0.0000	54,000
	Total :					54,000
50-2-0-225	BENEFITS					
169	Board remuneration (CPP only)	A	1.00	100.00	0.0000	100
	Total :					100
50-2-0-246	BANK CHARGES					
174		A	1.00	500.00	0.0000	500
	Total :					500
50-2-0-320	TRAVEL					
167	Board travel	A	12.00	1500.00	0.0000	18,000
	Total :					18,000
50-2-0-381	LEGAL FEES					
171	Allowance for legal	A	1.00	10000.00	0.0000	10,000
	Total :					10,000
50-2-0-387	PROFESSIONAL FEES					
165	Annual audit fees	A	1.00	4500.00	0.0000	4,500
165	Audit fee allowance for expanded scope and additional services	A	1.00	3398.00	0.0000	3,398



Account Code ID	Account Name Description	Status	Quantity	Rate	Burden %	Amount
GENERAL REVENUE FUND						
General Revenue Fund						
EXPENSES						
165	Allowance for liaison or study work	A	1.00	25000.00	0.0000	25,000
165	Board orientation/strategic planning	A	1.00	20000.00	0.0000	20,000
165	Allowance for water features at NIH CV and CR campuses	A	2.00	50000.00	0.0000	100,000
Total : PROFESSIONAL FEES						152,898
50-2-0-480 TRANSFER TO CAPITAL						
152	Current year capital projects/equipment funded by operating greater than \$5,000 and less than \$100,000	A	1.00	1850000.00	0.0000	1,850,000
152	Global grants	A	1.00	30000.00	0.0000	30,000
Total : TRANSFER TO CAPITAL						1,880,000
50-2-0-485 FUNDS FOR FUTURE EXPENDITURES						
157	Unallocated annual capital project funding	A	1.00	0.00	0.0000	0
157	Additional contribution from surplus	A	1.00	0.00	0.0000	0
157	Annual reserve contribution	A	1.00	4230000.00	0.0000	4,230,000
Total : FUNDS FOR FUTURE EXPENDITURES						4,230,000
50-2-0-500 BANK/LOAN INTEREST OPERATING						
12	Temporary borrowing interest	A	1.00	22000.00	0.0000	22,000
Total : BANK/LOAN INTEREST OPERATING						22,000
50-2-0-505 LONG TERM DEBT PRINCIPAL						
14	Issue 99 Apr/Oct 19 - ends Oct 2026	A	1.00	16304.00	0.0000	16,304
14	Issue 146 Sep 19,2018 to Sep 19,2028	A	1.00	7841934.43	0.0000	7,841,934
Total : LONG TERM DEBT PRINCIPAL						7,858,238
50-2-0-506 LONG TERM DEBT INTEREST						
73	Issue 99 Apr/Oct 19 - ends Oct 2026	A	2.00	4248.00	0.0000	8,496
73	Issue 146 Mar/Sep 19/18-Sep/2028 3.2%	A	2.00	1438384.00	0.0000	2,876,768
Total : LONG TERM DEBT INTEREST						2,885,264
CAPITAL & LOAN FUND						



2019 Provisional Budget

Account Code ID	Account Name Description	Status	Quantity	Rate	Burden %	Amount
CAPITAL & LOAN FUND						
Capital Fund						
REVENUE						
51-1-0-145	TRANSFER FR RESERVE					
159	Prior year equipment/projects \$5K to \$100K	A	1.00	0.00	0.0000	0
159	Prior year equipment/projects > \$100K	A	1.00	0.00	0.0000	0
159	NIHP final	A	1.00	-3091910.00	0.0000	-3,091,910
159	UDMD carry forward	A	1.00	-289468.00	0.0000	-289,468
	Total :					-3,381,378
51-1-0-148	TRANSFER FR GENERAL					
153	Global grants funded by operating	A	1.00	-30000.00	0.0000	-30,000
153	Current year capital projects/equipment funded by operating greater than \$5,000 and less than \$100,000	A	1.00	-1850000.00	0.0000	-1,850,000
	Total :					-1,880,000
EXPENSES						
51-2-0-471	CAPITAL GRANTS FUNDED BY OPERATING					
154	Current year capital projects/equipment funded by operating greater than \$5,000 and less than \$100,000	A	1.00	1850000.00	0.0000	1,850,000
	Total :					1,850,000
51-2-0-472	GLOBAL GRANTS FUNDED BY OPERATING					
156	Zeballos, Cortes, Kyuquot, Tahsis, Gold River, Sayward	A	1.00	30000.00	0.0000	30,000
	Total :					30,000
51-2-0-474	MAJOR CAPITAL PROJECTS					
161	NIHP payment final	A	1.00	3091910.00	0.0000	3,091,910
161	UDMD carry forward	A	1.00	289468.00	0.0000	289,468
	Total :					3,381,378