



**SUNSHINE COAST REGIONAL HOSPITAL DISTRICT
BOARD MEETING**



**TO BE HELD IN THE
SUNSHINE COAST REGIONAL DISTRICT BOARDROOM,
1975 FIELD ROAD, SECHELT, B.C.
Thursday, March 23, 2023**

AGENDA

CALL TO ORDER 1:00 p.m.

AGENDA

1. Adoption of Agenda Page 1

MINUTES

2. Sunshine Coast Regional Hospital District Inaugural Board Meeting Minutes of January 26, 2023 Annex A
pp. 2-4

BUSINESS ARISING FROM MINUTES AND UNFINISHED BUSINESS

PRESENTATIONS and DELEGATIONS

REPORTS

3. 2023 Sunshine Coast Regional Hospital District Final Budget Annex B
pp. 5-11
General Manager, Corporate Services / Chief Financial Officer

COMMUNICATIONS

MOTIONS

BYLAWS

4. *Sunshine Coast Regional Hospital District Annual Budget Bylaw No.92, 2023* Annex C
pp. 12-13
- first, second, third readings and adoption

NEW BUSINESS

IN CAMERA

ADJOURNMENT



SUNSHINE COAST REGIONAL HOSPITAL DISTRICT

January 26, 2023

MINUTES OF THE MEETING OF THE BOARD OF THE SUNSHINE COAST REGIONAL HOSPITAL DISTRICT HELD IN THE BOARDROOM AT 1975 FIELD ROAD, SECHELT, B.C.

PRESENT:	Chair	Town of Gibsons	S. White
	Directors	Electoral Area E	D. McMahon
		Electoral Area A	L. Lee
		Electoral Area B	J. Gabius
		Electoral Area D	K. Backs
		Electoral Area F	K. Stamford
		District of Sechelt	J. Henderson
		District of Sechelt	A. Toth
		shíshálh Nation Government District	P. Paul
ALSO PRESENT:	Chief Administrative Officer		D. McKinley
	GM, Corporate Services / Chief Financial Officer		T. Perreault
	Corporate Officer		S. Reid
	Administrator / Recorder		T. Crosby
	Media		0
	Public		0

CALL TO ORDER The Corporate Officer assumed the Chair and called the Inaugural Board meeting to order at 1:20 p.m.

ELECTION OF CHAIR The Corporate Officer called for nominations for the position of Chair of the Regional Hospital District Board for 2023.

Director Henderson nominated Director White. Director White accepted the nomination.

The Corporate Officer called a second time for nominations.

The Corporate Officer called a third time for further nominations.

There being no further nominations, nominations were closed.

Director White was declared Chair of the Sunshine Coast Regional Hospital District Board by acclamation for 2023.

**ELECTION OF
VICE CHAIR**

Director White assumed the Chair. Chair White called for nominations for the position of Vice Chair of the Regional Hospital District Board for 2023.

Director Backs nominated Director McMahon. Director McMahon accepted the nomination.

The Chair called a second time for further nominations.

The Chair called a third and final time for further nominations.

There being no further nominations, nominations were closed.

Director McMahon was declared Vice Chair of the Sunshine Coast Regional Hospital District Board by acclamation for 2023.

AGENDA

It was moved and seconded

01/23

THAT the agenda for the meeting be adopted as presented.

CARRIED

MINUTES

Minutes

It was moved and seconded

02/23

THAT the Sunshine Coast Regional Hospital District Board Meeting Minutes of October 27, 2022 be adopted as circulated.

CARRIED

REPORTS

Meeting Schedule

It was moved and seconded

03/23

THAT the report titled Sunshine Coast Regional Hospital District 2023 Meeting Schedule be received for information;

AND THAT the 2023 Meeting Schedule be adopted as presented.

CARRIED

ADJOURNMENT

It was moved and seconded

04/23

THAT the Sunshine Coast Regional Hospital District Board meeting be adjourned.

CARRIED

The meeting adjourned at 1:324 p.m.

Certified correct _____
Corporate Officer

Confirmed this _____ day of _____

Chair

SUNSHINE COAST REGIONAL HOSPITAL DISTRICT STAFF REPORT

TO: Sunshine Coast Regional Hospital District Board – March 23, 2023

AUTHOR: Tina Perreault, General Manager, Corporate Services / Chief Financial Officer

SUBJECT: 2023 SUNSHINE COAST REGIONAL HOSPITAL DISTRICT (SCRHD) FINAL BUDGET

RECOMMENDATION(S)

- (1) THAT the report titled 2023 Sunshine Coast Regional Hospital District (SCRHD) Final Budget be received;**
 - (2) AND THAT the 2023 SCRHD Final Budget be approved as presented.**
-

BACKGROUND

Per Section 23(5) of the *Hospital District Act*, the Regional Hospital District Board must adopt its final Budget, by Bylaw, on or before March 31 in each year. Prior to this, it must adopt a provisional budget for the following calendar year, prior to December 31 each year, which was passed by resolution (29/22) at the October 27, 2022 Sunshine Coast Regional Hospital District (SCRHD) Board meeting.

The purpose of this report is to present the final 2023 SCRHD Budget in preparation for the Bylaw adoption.

DISCUSSION

The SCRHD Draft Final Budget is attached for reference (Attachment A). 2022 Actuals have also been included and will be finalized as part of the approval of the draft audited Financial Statements which will be presented to the Board in April 2023.

The 2023 budget aligns with Public Sector Accounting Standards (PSAS) financial statement reporting standards presentation.

For 2023, the final budget includes a projected operating deficit of (\$752,559) due to planned expenses exceeding planned revenues. The operating deficit is offset by other sources and uses of funds not classified as operating revenues and expenses such as debt principal repayments, transfers to/from reserve and prior year surpluses. The majority of the deficit is attributed to the capital equipment purchases and minor equipment purchases which will be funded through reserves. These items are reflected in the transfers and other section of the budget and result in a balanced budget overall.

Details on individual budget line items are outlined below. Any change from the Provisional Budget is noted in *italics* where applicable. The Final Provisional Budget is also attached for reference (Attachment B).

Revenue

Grants in Lieu of Taxes

Projected revenue has been reduced from \$110 in 2022 to \$105 for 2023 to reflect actual Grant in Lieu payments received in 2022.

Tax Requisition

The projected tax requisition has increased by \$235,855 to \$1,521,079 compared to \$1,285,224 in 2022. The change is mostly due to the increase to the long-term debt lending rates. A detailed description is provided in each subsequent sections below.

The table below summarizes the budgeted purpose for which tax requisition monies are collected:

2023 Final Budget Tax Requisition Summary	
Purpose	Amount
Administration and operating expenses, net of operating fund revenues	\$ 12,749
Principal and interest payments on long-term debt	1,145,348
Annual funding for minor equipment (< \$150,000)	120,000
Annual funding for capital equipment (> \$150,000)	275,000
Prior year budget surplus less minor equipment carry forward	(32,018)
Total Tax Requisition	\$ 1,521,079

Investment Income

Investment income has been adjusted to \$120,000 for 2023 from \$64,900 in 2022 to reflect the changing market conditions. Income earned on capital reserve funds accumulate for allocation to future projects. Income earned on the investment of operating funds, budgeted at \$26,174 for 2023, is used to offset taxation.

Change from provisional: Increase of \$59,500 based on 2022 actuals and changing market conditions.

Other revenue – Municipal Finance Authority (MFA) actuarial

The MFA actuarial adjustment is associated with the interest earned on sinking fund monies held by the MFA for future debt retirement. The adjustment is applied against the principal balance remaining on the SCRHD's outstanding debt obligations so there is no cash inflow associated with this revenue.

Expenses

Administration, Bank Charges and Other Expenditures

These funds are budgeted to cover the reimbursement of administrative costs expensed through Regional District Function 118 (SCRHD Administration). Administrative costs consist mainly of staff wages, Director remuneration and audit fees.

Other expenditures include bank fees and an annual reimbursement of \$3,500 to the Sechelt Hospital Auxiliary Thrift Store to offset landfill tipping fees for donated goods.

Change from provisional: Decrease of \$3,551 in administration expense due to higher than anticipated surplus at the end of 2022.

Interest on Long Term Debt

This increase was the result of the lending rate for issue #102 being reset for an additional 5 year period at 3.90% from 2.25% for the last 5 years. In addition, the actuarial rate for this loan decreased to 3.5% from 4% which resulted in an increase in the principal payments required to be made on the loan. Interest payments for 2023 have increased by \$246,870.

Minor Equipment (< \$150,000)

Prior to 2022, \$240,000 was Budgeted for minor Capital equipment for Vancouver Coastal Health. Since 2013, the minor capital funding began to accumulate as purchases were not made. The unspent funds carry-forward into future budgets. The 2022 budget was \$837,240 and VCH indicated purchases would be completed in the very near future. There is currently \$652,035 in unused funding from prior years. Therefore, it is recommended that for 2023, minor capital funding of \$120,000 be provided which will amount to \$772,035 in available funding.

VCH presents their plan for minor capital equipment each July with updates in October. They identify and procure minor equipment purchases based on existing needs and priorities at the Sechelt Hospital and are reimbursed by the SCRHD upon submission of invoices.

Capital Equipment (>\$150,000)

Funding for capital equipment purchases valued at more than \$150,000 are approved by the SCRHD Board on a case by case basis when a request is received from VCH. The SCRHD may fund up to 40% of the cost-share request.

An annual amount of \$275,000 is raised to place in reserve until such time as cost-share requests from VCH are made. A summary of the projected 2023 reserve fund balance and budgeted funding commitments is included in the table below:

Capital Equipment (>\$150,000) Reserve Fund Summary	
Projected 2023 Opening Balance	\$ 2,300,277
Annual Funding Contribution	275,000
Available for projects in 2023	2,575,277
Less funding commitments:	
Motor control center, transfer switch and generator	705,096
Oxygen system upgrade	42,813
Heat Exchangers	30,779
Window Replacement	132,607
Vital #4 Power Distribution Centre	\$440,000
Uncommitted balance	\$ 1,223,982

Change from provisional: No change since the Provisional Budget was approved.

Transfers and Other

This category comprises other sources and uses of funds that are not classified as revenue or expenses per PSAS. These items reflect the allocation of financial equity required to offset the budgeted operating surplus or deficit and balance the budget to zero.

Repayment of long-term debt

Repayment of long-term debt is comprised of cash repayments and non-cash MFA actuarial adjustments for the 20-year debt undertaken for the Hospital expansion in 2007. Debt servicing payments are expected to end in December 2027. Payments are comprised of Principal of \$561,836, plus interest (\$583,511 as noted in expenses above), and a non-cash payment for the actuarial amount on the debt sinking fund. These amounts are fixed based on MFA amortization schedules and reflect the total repayment of long-term debt recorded on the financial statements. For 2023, the non-cash actuarial adjustment is budgeted at \$352,126 which is a \$15,501 decrease over the actual 2022 value.

Transfer (to)/from Capital Equipment Reserve and Major Capital Fund

Amounts budgeted to these lines consist of committed funding to VCH for projects to be transferred out of the funds as project expenditures are incurred, net of annual funding (\$275,000 above), investment income and MFA debt reserve fund payouts for transfer into the fund.

Change from provisional: \$138,814 decrease since the Provisional Budget was approved due to increase in investment income budgeted and additional Capital expenditures at year end.

Prior Year Budget Surplus/(Deficit)

This amount budgeted to this line is the actual 2022 non-PSAB budget surplus, which was \$684,052 for 2022. This is attributable to budgeted versus actual minor capital and interest earned.

Change from provisional: Amended to include actual 2022 current fund operational surplus.

Tax Rates and Property Assessments

For 2023, the estimated residential tax rate is \$6.63 per \$100,000 of assessment, compared to \$6.24 for 2022. That is a 6.18% or \$0.39 increase over the prior year. This amount may change slightly once final property assessments are received on March 31.

SCRHD Fund Balances

The SCRHD maintains three separate accounting funds that are aligned with the different funding categories for capital. These funds are as follows:

- **Current Fund (Minor Capital Equipment)** – Projects or single pieces of equipment with a value of less than \$150,000

- **Reserve Fund** – Projects or equipment with a value greater than \$150,000
- **Capital Fund** – Major capital projects and associated debt servicing.

Below is an updated table outlining fund balances and commitments:

	Current Fund	Reserve Fund	Capital Fund
Balance at December 31, 2022	\$684,052	\$2,300,277	\$1,174,203
Annual Funding Contributions	<u>120,000</u>	<u>275,000</u>	
Funds available for 2023	\$804,052	\$2,584,560	\$1,174,203
Less Budgeted Commitments:			
2023 Taxation offset	\$26,174		
Minor equipment < \$150,000	\$772,035		
Minor equipment > \$150,000			
Motor Control Centre		(705,096)	
Oxygen System Upgrade		(42,813)	
Heat Exchangers		(30,779)	
Window Replacement		(132,607)	
Vital #4 Power Distribution Centre		<u>(440,000)</u>	
Uncommitted Balance	\$32,017	\$1,223,982	\$1,174,203

CONCLUSION

The Regional Hospital District Board must prepare and adopt, by Bylaw, an annual budget prior to March 31 each year.

The 2023 final budget projects an increase to taxation mainly as a result of higher interest rates for the long-term debt. The estimated residential tax rate for 2023 is \$6.63 per \$100,000 which is a 6.18% or \$0.39 increase over the prior year.

Attachments:

- SCRHD 2023 Draft Final Budget
- SCRHD 2023 Final Provisional Budget

Reviewed by:			
Manager		Finance	
GM		Legislative	
CAO	X – D. McKinley	Other	

SUNSHINE COAST REGIONAL HOSPITAL DISTRICT

2023 Final Budget

2022 - 2023

	Budget 2023	Actual 2022	Budget 2022	\$ Change	% Change
Revenue					
Grants in lieu of taxes	\$ 105	\$ 105	\$ 110	\$ (5.33)	-4.83%
Tax requisitions	\$ 1,521,079	\$ 1,285,224	1,285,224	235,855	18.35%
Investment income	\$ 120,000	\$ 96,515	55,100	64,900	117.79%
Other revenue - MFA actuarial	\$ 352,126	\$ 367,627	367,627	(15,501)	-4.22%
Other revenue - MFA debt reserve fund payout	\$ -		-	-	0.00%
Total Revenue	\$ 1,993,310	\$ 1,749,471	\$ 1,708,061	\$ 285,249	16.70%
Expenses					
Administration	\$ 35,426	\$ 39,334	39,334	(3,908)	-9.94%
Bank charges	\$ 102	\$ 312	102	-	0.00%
Other Expenditures - Sechelt Hospital Auxillary Grant	\$ 3,500	\$ 3,500	3,500	-	0.00%
Interest on long term debt	\$ 583,511	\$ 356,932	336,641	246,870	73.33%
Minor equipment (<\$150,000)	\$ 772,035	\$ 185,205	837,240	(65,205)	-7.79%
Capital equipment (>\$150,000)	\$ 1,351,295	\$ 106,070	1,017,365	333,930	32.82%
Major capital projects	\$ -		-	-	n/a
Total Expenses	\$ 2,745,869	\$ 691,353	\$ 2,234,182	\$ 511,687	22.90%
Operating Surplus/(Deficit)	\$ (752,559)	\$ 1,058,118	\$ (526,120)	\$ (226,439)	
Transfers and other					
Repayment of long-term debt	\$ (913,962)	\$ (875,063)	(870,072)	(43,890)	5.04%
Transfers (to)/from capital equipment reserve fund	\$ 1,014,463	\$ (216,089)	720,965	293,498	40.71%
Transfers (to)/from major capital fund	\$ (31,994)	\$ (24,402)	(18,300)	(13,694)	74.83%
Transfer from Unfunded Liability	\$ -	\$ 20,291			
Prior year budget surplus/(deficit)	\$ 684,052	\$ 721,197	693,528	(9,476)	-1.37%
Non-PSAB Budgeted Surplus/(Deficit)	\$ -	\$ 684,052	\$ 0	\$ (0)	n/a
Budgeted Residential Tax Rate (per \$100,000 of assessed value)	\$ 6.63		\$ 6.24	\$ 0.39	6.18%

SUNSHINE COAST REGIONAL HOSPITAL DISTRICT

2023 Provisional Budget

	2022 - 2023			
	Budget 2023	Budget 2022	\$ Change	% Change
Revenue				
Grants in lieu of taxes	\$ 105	\$ 110	\$ (5.14)	-4.66%
Tax requisitions	\$ 1,268,218	\$ 1,285,224	(17,006)	-1.32%
Investment income	\$ 60,500	\$ 55,100	5,400	9.80%
Other revenue - MFA actuarial	\$ 402,430	\$ 367,627	34,803	9.47%
Other revenue - MFA debt reserve fund payout	\$ -	\$ -	-	0.00%
Total Revenue	\$ 1,731,253	\$ 1,708,061	\$ 23,191	1.36%
Expenses				
Administration	\$ 38,977	\$ 39,334	(357)	-0.91%
Bank charges	\$ 250	\$ 102	148	145.10%
Other Expenditures - Sechelt Hospital Auxillary Grant	\$ 3,500	\$ 3,500	-	0.00%
Interest on long term debt	\$ 336,641	\$ 336,641	-	0.00%
Minor equipment (<\$150,000)	\$ 846,321	\$ 837,240	9,081	1.08%
Capital equipment (>\$150,000)	1,455,467	\$ 1,017,365	438,102	43.06%
Major capital projects	-	-	-	n/a
Total Expenses	\$ 2,681,156	\$ 2,234,182	\$ 446,974	20.01%
Operating Surplus/(Deficit)	\$ (949,903)	\$ (526,120)	\$ (423,783)	
Transfers and other				
Repayment of long-term debt	\$ (904,874.67)	\$ (870,072)	(34,803)	4.00%
Transfers (to)/from capital equipment reserve fund	\$ 1,153,277	\$ 720,965	432,312	59.96%
Transfers (to)/from major capital fund	\$ (24,820)	\$ (18,300)	(6,520)	35.63%
Prior year budget surplus/(deficit)	\$ 726,321	\$ 693,528	32,794	4.73%
Non-PSAB Budgeted Surplus/(Deficit)	\$ -	0	\$ (0)	n/a
Budgeted Residential Tax Rate (per \$100,000 of assessed value)	\$ 6.16	\$ 6.24	\$ (0.08)	-1.32%

SUNSHINE COAST REGIONAL HOSPITAL DISTRICT

BYLAW NO. 92

A bylaw to adopt the Annual Budget for the year 2023

The Board of the Sunshine Coast Regional Hospital District in open meeting assembled enacts as follows:

1. This bylaw may be cited for all purposes as the *Sunshine Coast Regional Hospital District Annual Budget Bylaw No. 92, 2023*.
2. Schedule "1" attached hereto, and forming part of this bylaw, is hereby adopted as the Annual Budget for the Sunshine Coast Regional Hospital District for the fiscal year ending December 31, 2023.

READ A FIRST TIME this 23rd day of March, 2023

READ A SECOND TIME this 23rd day of March, 2023

READ A THIRD TIME this 23rd day of March, 2023

ADOPTED this 23rd day of March, 2023

SECRETARY

CHAIR

Schedule 1

SUNSHINE COAST REGIONAL HOSPITAL DISTRICT

2023 Final Budget

	2022 - 2023				
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Non-PSAB Budgeted Surplus/(Deficit)	\$ -	\$ 684,052	\$ 0	\$ (0)	n/a
Budgeted Residential Tax Rate (per \$100,000 of assessed value)	\$ 6.63		\$ 6.24	\$ 0.39	6.18%