

**REPORT TO HOSPITALS AND HOUSING COMMITTEE  
MEETING OF WEDNESDAY, NOVEMBER 03, 2021**

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**SUBJECT**      **Revenue Anticipation Borrowing Resolution for Current Capital Regional Hospital District Operating Expenditures**

**ISSUE SUMMARY**

Adoption of a revenue anticipation borrowing resolution (General Purpose) authorizing borrowing up to \$10 million if required prior to receipt of requisition revenues expected in August 2022.

**BACKGROUND**

Section 31 of the *Hospital District Act* allows the Board to adopt a revenue anticipation resolution to borrow money if required to meet cash flow needs prior to receiving payable revenue from member municipalities and the surveyor of taxes for electoral areas. All borrowed funds must be repaid within nine months of the date of the borrowing. The last time borrowing was exercised under this authority was July 2017 for \$1.1 million to cover short term interest payments which was repaid in August upon receipt of requisition revenue.

Given the growth of the organization and increased capital activity, it is appropriate to continue implementing financial risk management tools that provide the ability to respond to both opportunities and unforeseen circumstances.

Based on best practices, staff recommend the amount within the revenue anticipation bylaw aligns to the anticipated peak, monthly cash outflow of approximately \$10 million for 2022. If required, the Capital Regional Hospital District (CRHD) will borrow funds by leveraging overdraft arrangements within current banking agreements or through the Municipal Finance Authority (MFA). Currently, the overdraft rate is 2.45% and MFA's short term borrowing rate is 0.94% (both variable rates as of October 14, 2021).

**ALTERNATIVES**

*Alternative 1*

The Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:

That the Revenue Anticipation Resolution be adopted to allow the temporary borrowing of up to \$10 million for current Capital Regional Hospital District operating expenditures.

*Alternative 2*

That this report be referred back to staff for additional information.

**IMPLICATIONS**

*Financial Implications*

The proposed resolution provides the CRHD access to funds as of January 2022 to cover expenditures if required, pending receipt of requisition revenue. Borrowed funds will not be

accessed unless necessary and any borrowed funds will be repaid upon receipt of anticipated revenues. Historically, the CRHD has not acted on the revenue anticipation borrowing resolution but it is a recommended fiscal risk management tool. The purpose of approving this resolution is to ensure available borrowing authority in the unlikely event funds are required to meet short term cash flow requirements.

**CONCLUSION**

This proposed resolution is brought forward annually for consideration. Adoption of the resolution is necessary to authorize borrowing to cover short term expenditures in 2022 if required, pending receipt of anticipated revenues.

**RECOMMENDATION**

The Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:

That the Revenue Anticipation Resolution be adopted to allow the temporary borrowing of up to \$10 million for current Capital Regional Hospital District operating expenditures.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

**ATTACHMENT(S)**

Appendix A: Revenue Anticipation Resolution