

Statement of Operations
For the year ended December 31, 2018
Variance Analytics - year over year

	2018	2017	Variance \$	Variance %	Explanation (greater than \$100k and 10%)
Revenue					
Taxation - Municipalities	28,215,495	27,589,729	625,766	2%	
Taxation - Electoral Areas	2,059,436	2,062,665	(3,229)	0%	
Taxation - First Nations	98,729	78,850	19,879	25%	
Payments in lieu of taxes	968,447	1,021,429	(52,982)	-5%	
Interest income	1,016,750	295,420	721,330	244%	Interest income increase is linked to CRHD investing its net working capital, primarily the annual requisition and Summit capital funds on hand. While the Bank of Canada rate rose throughout 2018 (75 BPS), Treasury staff deployed working capital into a laddered GIC portfolio and utilized High Interest Savings Accounts (HISA) to take advantage of higher yields, resulting in higher than anticipated interest earnings. As investments matured (\$40M) they were held in the general bank/HISA before they were reinvested (\$26M) or expended.
Interest income - Summit Structured Financing	467,833	883,725	(415,892)	-47%	Interest income - Summit Structured Financing decrease is related to Summit construction, progress and expenses. In 2017 \$40M was held in GIC's (~1.7%) and in 2018 \$26M was invested at (~2.4%). The invested funds are related to Summit capital funds and are expended based on cash flows/construction. Additionally, more funds have been held in non-GIC investments to ensure liquidity for ongoing construction. Therefore, the general interest account earned more interest (i.e. cash held in RBC bank account/HISA) as it held a higher balance.
Debenture maturity refund	5,656	32,691	(27,035)	-83%	
Gain on sale of Carey Road	-	4,978,196	(4,978,196)	-100%	Sale of Carey Rd was executed in 2017. No land sales were executed in 2018.
Actuarial adjustment on long-term debt	5,231,778	4,766,099	465,678	10%	An increase to the Actuarial adjustment on long term debt is linked to CRHD's debt activity. The Actuarial Adjustment is the anticipated earnings on principal payments received. Based on a rate set by the Municipal Finance Authority, it is first recognized 1 year after the receipt of the first principal payment on a loan and then recognized annually thereafter until expiry of the loan. It acts to reduce the outstanding loan obligation.
Total Revenue	38,064,124	41,708,804	(3,644,680)	-9%	
Expenses					
Grants to district hospitals (Schedule A)	7,404,492	9,030,773	(1,626,281)	-18%	Decreased debt servicing is connected to Island Health's capital project schedules and the timing of claims being received. Island Health completed a capital plan in collaboration with HCPS for the Budget and provide estimates of their expenses and their timing. CRHD builds the budget and estimated debt servicing based on this information. If claims are less than anticipated or not received in time to be processed in the semi-annual Issues, debt servicing actuals are impacted.
Interest on long-term debt	10,577,699	10,941,608	(363,909)	-3%	
Interest on temporary borrowings	7,547	19,147	(11,600)	-61%	
Debenture issue expense	-	122,500	(122,500)	-100%	Debenture issue expense decrease is related to MFA's one-time debt issue expense in 2017 related to Summit structured financing.
Operating expenses	896,893	568,311	328,582	58%	Operating expense increase is related to the additional Regional Housing First Program Project Management Office (PMO) support and the Non-Tradition Program grant paid in the year.
Total Expenses	18,886,631	20,682,339	(1,795,708)	-9%	
Annual surplus	19,177,493	21,026,466	(1,848,972)	-9%	Refer to the explanations above in revenue and expense sections.
Accumulated deficit, beginning of year	(87,534,012)	(108,560,477)	21,026,466	-19%	
Accumulated deficit, end of year	(68,356,519)	(87,534,012)	19,177,493	-22%	