

2018 CRHD Statement of Financial Information

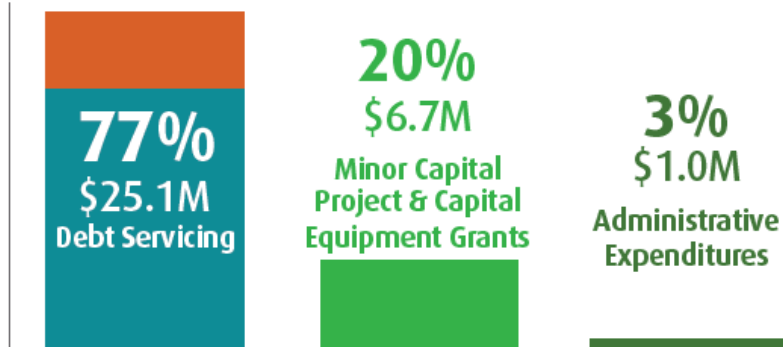
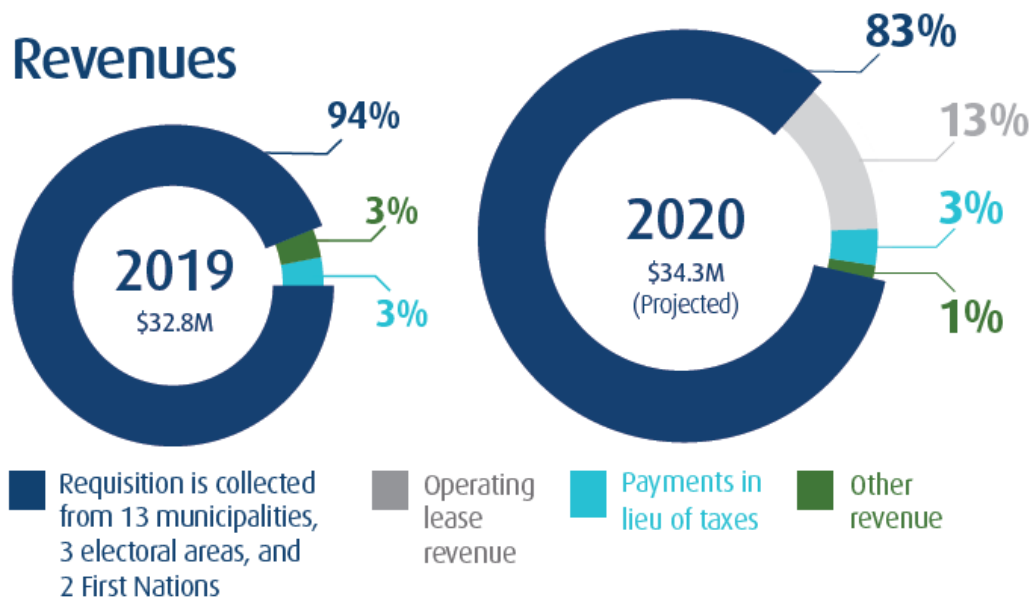
Presentation to Hospital and Housing Committee

Wednesday, May 1, 2019

Capital Regional Hospital District – Business Models

The Capital Regional Hospital District (CRHD) was established by the provincial government to provide the local share of capital funding for healthcare infrastructure in the capital region. Working with Island Health, the CRHD supports a healthy region by investing in healthcare services and capital strategic priorities.

Revenues



Expenditures

The CRHD raises capital funds for designated health facilities in its area. The CRHD finances its contribution to the costs of constructing or renovating major health care facilities such as acute care hospitals or long-term care facilities.

Orientation Session B (cont'd)

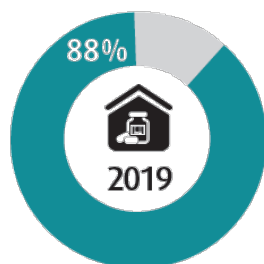
CRHD

Financed Projects

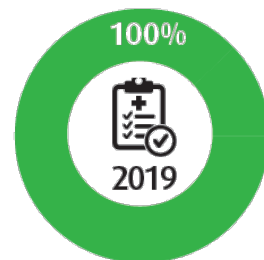
Under the traditional business model the CRHD does not retain revenues or own assets that receive capital funding.



■ Debt Servicing: no assets



■ Grant programs: no assets



Major Capital Projects

Major projects such as the Patient Care Centre at Royal Jubilee Hospital, new emergency department at Victoria General Hospital or West Shore Urgent Care Facility are cost shared between CRHD and Island Health. CRHD finances its contribution for these projects. Upon completion of the projects Island Health owns the asset. Since inception, District Hospitals and designated health care facilities have received more than \$450 million.

Minor Capital Projects

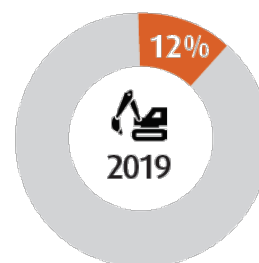
Minor Capital Project and Capital Equipment Grants such as flooring and roof replacements, patient care area improvements, and electrical upgrades.

Owned Assets

Under the new model the CRHD retains ownership of the asset and collects operating lease revenue to offset the debt servicing payments.



■ Debt servicing: CRHD assets



Summit at Quadra Village

The **Summit at Quadra Village** is a 320-unit residential care facility that was designed and is being built and financed by the CRHD. Upon completion of the project, the land and future building will be owned by the CRHD and Island Health will provide residential care services. All costs associated with construction, financing and operating of the Summit will be recovered through Island Health lease payments.

Projects Under Development

The CRHD 10 year capital plan includes other Projects that will be developed, constructed or purchased and will generate revenue, for example:



Oak Bay Lodge Ownership of **Oak Bay Lodge** will be transferred to the CRHD from Island Health after its residents are relocated to the Summit at Quadra Village and it closes in 2020.



Regional Housing First

The **Regional Housing First Program (RHFP)** was established to meet the needs of chronically homeless individuals in the region. The CRHD has committed to a contribution of \$10 million to fund affordable or supportive housing projects in the region.

2019-2023 5 Year Budget (March 20, 2019)

CRD

	2019 BUDGET	2020 BUDGET	2021 BUDGET	2022 BUDGET	2023 BUDGET
REVENUE					
Tax Requisition Total	30,749,980	29,342,364	29,253,258	29,141,547	28,887,490
Payments in Lieu of Taxes	925,163	925,163	925,163	925,163	925,163
Summit Lease Payments	-	4,338,178	4,338,178	4,338,178	4,338,178
	31,675,144	34,605,705	34,516,599	34,404,888	34,150,832
Debt Reserve Fund Recovery	151,000	238,000	396,000	409,000	556,000
Interest	500,000	200,000	200,000	200,000	200,000
Interest - Summit Structured Financing (100% draw)	76,000	-	-	-	-
Surplus - Minor Capital Projects	-	310,000	-	-	-
Surplus - Previous Year	987,360	-	-	-	-
TOTAL REVENUE	33,389,504	35,353,705	35,112,599	35,013,888	34,906,832
EXPENDITURES					
Debt Servicing					
Debt Service Debt Charges	21,017,329	21,696,643	22,924,948	22,702,618	22,460,165
Debt Service Debt Charges - related to Summit Lease only	3,024,001	3,901,190	3,901,190	3,901,190	3,901,190
Debt Service Debt - Accrued Interest to Dec 31	93,000	-	-	-	-
Paydown Portion of Capital Initiatives - Summit Financing	-	-	-	-	-
Temporary Borrowing Interest	121,000	50,000	50,000	50,000	50,000
Debt Reserve Fund	156,000	86,572	60,550	95,809	115,629
Total Debt Servicing	24,411,330	25,734,405	26,936,688	26,749,617	26,526,984
HD Act Section 20 Expenditures					
Administration	674,786	689,194	702,981	717,032	730,243
Studies	258,387	261,154	263,978	238,287	240,653
Property Management	40,000	40,000	40,000	40,000	40,000
	973,173	990,348	1,006,959	995,319	1,010,896
HD Act Section 20 Expenditures - Capital Grants					
Capital Equipment Grants	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000
Annual Transfer to Minor Capital Projects Reserve	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000
	6,705,000	6,705,000	6,705,000	6,705,000	6,705,000
HD Act Section 20 Expenditures - Reserves					
Transfer to/(from) Summit Management Reserve	-	263,952	263,952	263,952	263,952
Transfer to/(from) Land Holdings Management Reserve	50,000	410,000	200,000	300,000	400,000
Transfer to/(from) RHFP Reserve	1,250,000	1,250,000	-	-	-
	1,300,000	1,923,952	463,952	563,952	663,952
TOTAL EXPENDITURES	33,389,504	35,353,705	35,112,599	35,013,888	34,906,832
Tax impact on 2019 average residence (\$779,233)					
	163.96	156.45	155.98	155.38	154.03
Tax impact on \$100,000 of 2019 completed assessments					
	31.11	20.08	20.02	19.94	19.77
Tax requisition increase/(decrease)					
	1.2%	-4.6%	-0.3%	-0.4%	-0.9%

What are the financial statements?



Financial Position

The overarching statement that summarizes CRD's financial position at a point in time.

Changes in the financial position are summarized in the following four statements.



Operations

Explains the change in the overall financial position during the accounting period except those reported in the Statement of Remeasurement Gains and Losses.



Change in Net Debt

Reconciles the change in net debt for the current and prior year.

Net debt is a financial performance measure unique to public sector financial reporting.



Remeasurement Gains and Losses

Explains the change in the overall financial position due to remeasurements related to unrealized gains and losses on specific financial assets and liabilities recorded at fair value.



Cash Flows

Explains the change in cash and cash equivalents from the prior year and provides information about the ability to generate cash to meet cash requirements.

How do the statements relate?

Statement of Financial Position

2016 2015

Financial Assets

Cash & Cash Equivalents

XXX XXX

Other Assets

XXX XXX

XXX XXX

Financial Liabilities

Accounts Payable

XXX XXX

Other Liabilities

XXX XXX

XXX XXX

Net Financial Assets (Debt)

XXX XXX

Non-Financial Assets

Tangible Capital Assets

XXX XXX

Other Non-Financial Assets

XXX XXX

XXX XXX

Accumulated Surplus is comprised of;

Accumulated Operating Surplus

XXX XXX

Accumulated Remeasurement Gains/Losses

XXX XXX

Explaining Changes in Financial Position

Statement of Cash Flow

2016 2015

Operating Transactions

X X

Capital Transactions

X X

Investing Transactions

X X

Financing Transactions

X X

X X

Cash & Equivalents at Beginning of Year

X X

Cash & Equivalents at End of Year

X X

Statement of Net Debt

2016 2015

Annual Surplus

X X

Acquisition of Tangible Capital Assets

X X

X X

Net Debt at Beginning of Year

X X

Net Debt at End of Year

X X

Statement of Operations

2016 2015

Revenue

X X

Expenses

X X

X X

Accumulated Surplus Beginning of Year

X X

Accumulated Surplus End of Year

X X

Statement of Remeasurement Gains

2016 2015

Accumulated Remeasurement Opening

X X

Net Remeasurement Gains (Losses)

X X

Accumulated Remeasurement Close

X X

Statement of Financial Position



	2018	2017
Financial assets		
Cash and cash equivalents (Note 2)	\$ 26,460,362	\$ 33,660,748
Investments	26,000,000	40,000,000
Accounts receivable	836,740	966,088
Prepaid expenses	50,000	-
Restricted cash - MFA Debt Reserve Fund (Note 3)	4,090,984	4,062,677
Land for resale (Note 4)	38,137	38,137
	<u>57,476,223</u>	<u>78,727,650</u>
Financial liabilities		
Accounts payable and other liabilities	8,908,625	5,462,658
Due to Capital Regional District	139,656	117,268
Long-term debt (Note 5)	175,272,337	192,449,374
	<u>184,320,618</u>	<u>198,029,300</u>
Net debt	(126,844,395)	(119,301,650)
Non-financial assets		
Tangible capital assets (Note 6)	58,487,876	31,767,638
Contingent liability (Note 11)		
Commitments (Note 7)		
Accumulated Deficit (Note 9)	\$ (68,356,519)	\$ (87,534,012)

Statement of Operations



	Budget (Note 10)	2018	2017
Revenue			
Taxation - Municipalities	\$ 28,215,496	\$ 28,215,495	\$ 27,589,729
Taxation - Electoral Areas	2,059,436	2,059,436	2,062,665
Taxation - First Nations	98,729	98,729	78,850
Payments in lieu of taxes	967,947	968,447	1,021,429
Interest income	100,000	1,016,750	295,420
Interest income - Summit Structured Financing	400,000	467,833	883,725
Debenture maturity refund	73,000	5,656	32,691
Gain on sale of Carey Road	-	-	4,978,196
Actuarial adjustment on long-term debt	-	5,231,778	4,766,099
	31,914,608	38,064,124	41,708,804
Expenses			
Grants to district hospitals (Schedule A)	8,986,764	7,404,492	9,030,773
Interest on long-term debt	10,892,121	10,577,699	10,941,608
Interest on temporary borrowings	30,000	7,547	19,147
Debenture issue expense	-	-	122,500
Operating expenses	829,471	896,893	568,311
	20,738,356	18,886,631	20,682,339
Annual surplus	11,176,252	19,177,493	21,026,465
Accumulated deficit, beginning of year	(87,534,012)	(87,534,012)	(108,560,477)
Accumulated deficit, end of year	\$ (76,357,760)	\$ (68,356,519)	\$ (87,534,012)

Key Financial Indicators



Debt Servicing Ratio

Percentage of revenue committed to the payment of interest and principle on temporary and long-term debt

Current Ratio

Measure of short-term liquidity or the ability to pay immediate financial obligations

Interest Coverage

Measures how easily an organization can pay interest on outstanding debt

Schedule A – Grants to District Hospitals



	Total grants December 31 2017	Expense 2018	Transfers to completed projects	Total grants December 31 2018
PROJECTS IN PROGRESS				
Designated Health Care facilities	\$ 1,466,464	\$ 150,000	\$ (150,000)	\$ 1,466,464
Vancouver Island Health Authority	6,150,961	3,364,680	(2,925,000)	6,590,641
Gorge Road Hospital	817,073	360,565	(522,287)	655,351
Juan de Fuca Hospital	1,555,826	297,499	(303,621)	1,549,704
Lady Minto Hospital	1,347,061	297,417	(511,873)	1,132,605
Mount St. Mary Hospital	30,000	30,000	(30,000)	30,000
Queen Alexandra Hospital	891,357	261,356	(212,534)	940,179
Royal Jubilee Hospital	14,835,657	1,641,053	(2,294,065)	14,182,645
Saanich Peninsula Hospital	1,154,194	234,649	-	1,388,843
Victoria General Hospital	4,470,517	767,273	(644,130)	4,593,660
	32,719,110	7,404,492	(7,593,510)	32,530,092
COMPLETED PROJECTS				
Designated Health Care facilities	20,884,214	-	150,000	21,034,214
Vancouver Island Health Authority	68,029,224	-	2,925,000	70,954,224
Gorge Road Hospital	7,029,929	-	522,287	7,552,216
Juan de Fuca Hospital	36,318,775	-	303,621	36,622,396
Lady Minto Hospital	4,496,522	-	511,873	5,008,395
Mount St. Mary Hospital	15,359,545	-	30,000	15,389,545
Queen Alexandra Hospital	8,109,310	-	212,534	8,321,844
Royal Jubilee Hospital	250,282,409	-	2,294,065	252,576,474
Saanich Peninsula Hospital	19,648,611	-	-	19,648,611
Victoria General Hospital	95,779,784	-	644,130	96,423,914
	525,938,323	-	7,593,510	533,531,833
	558,657,433	7,404,492	-	566,061,925