

North Okanagan Columbia Shuswap  
Regional Hospital District  
Client Information Package  
For the Year Ended December 31, 2023

Contact Information

Angie Spencer, CPA, CA  
BDO Canada LLP  
Chartered Professional Accountants  
Ph: 250-832-7171 Fax: 250-832-2429  
Email: [aspencer@bdo.ca](mailto:aspencer@bdo.ca)

**North Okanagan  
Columbia Shuswap  
Regional Hospital District  
Financial Statements  
For the year ended December 31, 2023**

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## Management's Responsibility for Financial Reporting

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The accompanying financial statements of North Okanagan Columbia Shuswap Regional Hospital District (the "Regional Hospital District") are the responsibility of management and have been approved by the Manager of Financial Services and Chief Administrative Officer on behalf of the Board of Directors (the "Board").

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Certain amounts used in the preparation of the financial statements are based on management's best estimates and judgements. Actual results could differ as additional information becomes available in the future. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Regional Hospital District maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Regional Hospital District's assets are appropriately accounted for and adequately safeguarded.

The Manager of Financial Services, the Chief Administrative Officer and the Board are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Manager of Financial Services, the Chief Administrative Officer and the Board members meet periodically with management, as well as, the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging its responsibilities, and to review the financial statements and the external independent auditor's report.

The financial statements have been audited by BDO Canada LLP Chartered Professional Accountants in accordance with Canadian generally accepted auditing standards on behalf of the Board. The independent auditor's report expresses its opinion on these financial statements. The auditors have full and free access to the accounting records and to the Manager of Financial Services, the Chief Administrative Officer and the Board.

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\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Administrative Officer



Tel: 250 832 7171  
Fax: 250 832 2429  
www.bdo.ca

BDO Canada LLP  
571 - 6th Street NE, Suite 201  
Salmon Arm, BC V1E 1R6

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## Independent Auditor's Report

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To the Directors of North Okanagan Columbia Shuswap Regional Hospital District

### Opinion

We have audited the financial statements of North Okanagan Columbia Shuswap Regional Hospital District (the "Regional Hospital District"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, change in net debt and accumulated deficit and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Regional Hospital District as at December 31, 2023, and its results of operations, its change in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Regional Hospital District in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Regional Hospital District's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Regional Hospital District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Regional Hospital District's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional Hospital District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Regional Hospital District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Regional Hospital District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

Salmon Arm, British Columbia  
March 28, 2024

# North Okanagan Columbia Shuswap Regional Hospital District

## Statement of Financial Position

December 31	2023	2022
<b>Financial assets</b>		
Cash	\$ 1,278,318	\$ 1,668,315
Investment funds - MFA (Note 1)	24,267,040	18,374,213
Accounts receivable	22,953	24,753
Due from member municipalities	359,797	370,671
Deposit and demand notes - MFA (Note 2)	3,174,638	3,228,492
	<u>29,102,747</u>	<u>23,666,444</u>
<b>Liabilities</b>		
Accounts payable	282,797	79,011
Accrued MFA interest payable	359,797	370,671
MFA debt reserve (Note 2)	3,174,638	3,228,492
Temporary borrowing (Note 5)	720,000	720,000
Long-term debt (Note 6)	52,175,950	55,899,644
	<u>56,713,183</u>	<u>60,297,817</u>
<b>Net debt and accumulated deficit</b>	<u>\$ (27,610,437)</u>	<u>\$ (36,631,373)</u>

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Treasurer

# North Okanagan Columbia Shuswap Regional Hospital District

## Statement of Operations

For the year ended December 31

2023

2022

### Revenue

Actual

Actual

Requisition on member municipalities

City of Armstrong	\$ 374,658	\$ 358,477
City of Revelstoke	963,243	928,782
City of Salmon Arm	1,605,781	1,533,230
District of Sicamous	350,413	337,707
City of Enderby	196,145	186,507
City of Vernon	4,192,894	4,076,330
District of Coldstream	1,037,958	1,032,832
Township of Spallumcheen	456,533	448,819
Village of Lumby	145,147	135,029
Electoral Areas	3,453,069	3,263,189
Little Shuswap Indian Band	64,252	60,105
Adams Lake Indian Band	22,907	21,429

**12,863,000**      12,382,436

Payments in lieu of taxes

27,825      30,274

Debenture surplus payout

-      3,325

Debt reserve fund refund

19,336      20,306

Interest

1,089,592      368,521

Actuarial adjustments on MFA debt

1,166,199      1,085,397

**15,165,952**      13,890,259

### Expenses

Administration

72,000      72,000

Audit

4,708      6,761

Director's remuneration

10,230      6,820

Director's travel

1,350      179

Project - Vernon Jubilee Hospital

96,388      231,870

Project - Shuswap Lake Hospital

273,399      808,918

Project - Queen Victoria Hospital

9,709      5,835

Project - Regional

1,403,436      431,758

Equipment - Vernon Jubilee Hospital

303,348      981,571

Equipment - Shuswap Lake Hospital

686,682      395,973

Equipment - Queen Victoria Hospital

38,252      53,135

Equipment - Regional

953,925      577,412

Interest on short-term debt

37,556      15,167

Interest on long-term debt

1,588,532      1,642,078

Supplies

-      15

Section 20-2 funding - Interior Health Authority

665,500      766,800

**6,145,015**      5,996,293

### Annual surplus

**\$ 9,020,937**      \$ 7,893,967

# North Okanagan Columbia Shuswap Regional Hospital District

## Statement of Change in Net Debt and Accumulated Deficit

For the year ended December 31	2023	2023	2022
	Budget (Note 3)	Actual	Actual
Annual surplus	\$ (7,286,398)	\$ 9,020,937	\$ 7,893,967
Net debt and accumulated deficit, beginning of year	(36,631,374)	(36,631,374)	(44,525,340)
Net debt and accumulated deficit, end of year	\$ (43,917,772)	\$ (27,610,437)	\$ (36,631,374)
Net debt and accumulated deficit represented by:			
Cash and investments funds - MFA		\$ 25,545,358	\$ 20,042,527
Other current fund		(259,844)	(54,258)
Short term debt recoverable from future taxation (Note 5)		(720,000)	(720,000)
Long-term Debt recoverable from future taxation (Note 6)		(52,175,950)	(55,899,644)
Net debt and accumulated deficit, end of year		\$ (27,610,437)	\$ (36,631,374)



# North Okanagan Columbia Shuswap Regional Hospital District

## Statement of Cash Flows

For the year ended December 31

2023

2022

### Operating

Annual surplus	\$ 9,020,937	\$ 7,893,967
Decrease (increase) in accounts receivable	1,800	(22,743)
Decrease in due from member municipalities	10,874	2,459
Increase in accounts payable	203,786	27,935
Decrease in accrued interest on long-term debt	(10,873)	(2,459)
	9,226,524	7,899,159

### Investing

Increase in investment funds	(5,892,828)	(4,823,311)
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### Financing

Long-term debt retirement	(3,723,693)	(3,709,303)
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### Net change in cash

(389,997) (633,455)

### Opening cash

1,668,315 2,301,771

### Closing cash

\$ 1,278,318 \$ 1,668,315

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# North Okanagan Columbia Shuswap Regional Hospital District

## Summary of Significant Accounting Policies

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December 31, 2023

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<b>Government Reporting Entity</b>	The North Okanagan Columbia Shuswap Regional Hospital District ("Regional Hospital District") was incorporated January 1, 1996 by Letters Patent and operates under the authority of the Hospital District Act of British Columbia. Its principal activities are to finance capital construction projects and capital equipment purchases for designated health care facilities within the Regional Hospital District. These activities are funded through current property taxes, property tax revenues set aside as reserves and long-term debt. As a public body performing the function of a government in Canada, the Regional Hospital District is exempt from income tax under the Income Tax Act (Canada).
<b>Management's Responsibility for the Financial Statements and Basis of Presentation</b>	The Regional Hospital District financial statements have been prepared by management in accordance with the recommendations of the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada and include all funds belonging to the economic entity of the Regional Hospital District.
<b>Tax Requisitions</b>	Each municipality and electoral area within the Regional Hospital District is requisitioned for their portion of the Regional Hospital District service. These funds are then levied by the municipalities and the Province (for electoral areas) to individual taxpayers and turned over to the Regional Hospital District by August 1 of each year. Tax requisition revenues are recognized in the year in which they are levied.
<b>MFA Debt Reserve</b>	The Municipal Finance Authority ("MFA") requires a cash contribution of 1% of the face value of debt when issued. The MFA debt reserve earns interest income and is used to pay expenses of the debt issue. Any remaining balance will be returned to the Regional Hospital District at the maturity of the underlying debt issue.
<b>Use of Estimates</b>	The financial statements of the Regional Hospital District have been prepared by management in accordance with Canadian public sector accounting standards. As such, management is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial estimates have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality and within the framework of the accounting policies identified.
<b>Long-term Debt</b>	Long-term debt is recorded net of any sinking fund balances. Debt service charges, including principal and interest, are charged against current revenue in the period incurred.
<b>Financial Instruments</b>	The Regional Hospital District's financial instruments consist of cash, investment funds, accounts payable and accrued liabilities, and long term debt. Unless otherwise noted, it is management opinion that the District is not exposed to significant interest, currency, liquidity or credit risks arising from these financial instruments.

# North Okanagan Columbia Shuswap Regional Hospital District

## Notes to Financial Statements

December 31, 2023

### 1. Investment Funds

The investments totalling \$24,267,040 (2022 - \$18,374,213) are held in MFA under the name of the Columbia Shuswap Regional District. They are invested in money market funds; as such, fair market value is equal to carrying value. The 2023 annual rate of return was 5.07% (2022 - 1.93%).

### 2. MFA Debt Reserve Deposits and Demand Notes

The MFA administers the debenture debt of the Regional Hospital District. As a condition of these borrowings, a portion of the debenture proceeds are withheld as a debt reserve fund. At December 31, 2023, the cash balance in the debt reserve fund was \$1,207,736 (2022 - \$1,190,497). The Regional Hospital District also excludes demand notes in connection with each debenture totalling \$1,966,902 (2022 - \$2,037,995) whereby the Regional Hospital District may be required to loan certain amounts to MFA.

### 3. Budget

The scope of the financial activity reported in the Statement of Operations is not the same as that reported in the Annual Budget. For comparative purposes, actual financial activities have been summarized below in the same manner as was budgeted.

	2023 Actual	2023 Budget
<b>Revenue</b>		
Tax requisition total	\$ 12,775,841	\$ 12,775,842
Other revenue - Agreement - Indian Bands	87,159	84,794
Payments in lieu of taxes	27,825	25,000
Debt Reserve Fund refund	19,336	-
Interest	1,089,592	100,000
Actuarial adjustment on MFA debt	1,166,199	1,166,199
	<b>15,165,952</b>	<b>14,151,835</b>
<b>Expenses</b>		
Debt		
Debenture debt - interest and expenses	1,588,532	2,423,544
MFA Debt Reserve fund and expenses	-	33,800
Interim borrowing interest	37,556	101,400
Administration Expenditures	88,287	91,500
Capital Expenditures		
Capital Projects	50,119	5,449,000
Capital Equipment	128,028	998,500
Maintenance and equipment < \$ 100,000	665,500	665,500
Capital Equip/Projects - carried forward from prior year	3,586,992	11,674,989
	<b>6,145,014</b>	<b>21,438,233</b>
<b>Annual Surplus</b>	<b>9,020,938</b>	<b>(7,286,398)</b>
<b>Plus:</b>		
Transfer (to) from accumulated deficit	(5,297,246)	8,365,510
Proceeds from issue of debt	-	2,559,479
Debenture debt - principal	(2,557,493)	(2,472,392)
<b>Less:</b>		
Actuarial adjustment	(1,166,199)	(1,166,199)
<b>Financial Plan Balance</b>	<b>\$ -</b>	<b>\$ -</b>

# North Okanagan Columbia Shuswap Regional Hospital District

## Notes to Financial Statements

December 31, 2023

### 4. Commitments

- a) The Regional Hospital District has committed to the following expenditures which have been approved by the Interior Health Authority and the Board and are to be financed from reserve funds:

		Total	Unexpended
Vernon Jubilee Hospital	Ortho Templating Software for Surgical Efficiency	\$ 29,600	\$ 5,952
	Medstations, IH Wife Pyxis Replacement, Phase 4	1,175,600	230,087
	North Tower Electrical Primary Distribution - Planning	30,000	19,244
	Inpatient Psychiatry Redesign - Concept Plan	280,000	192,139
	Remote Patient Observation System (Telesitter)	114,000	114,000
	Meal Delivery System	572,000	257,207
	Autopsy Suite Upgrade	2,200,000	2,200,000
	Medstation - Additional	38,800	38,800
	Cooler and Freezer upgrades	591,600	591,600
	MHSU Business Plan	320,000	320,000
	Secure Room Safety Upgrade	207,200	207,200
	Domestic Hot Water	94,500	94,500
	MRI Scan Suite Humidity	39,600	39,600
	Equipment Management System	777,100	777,100
	Cart Washer	136,000	7,972
Shuswap Lake Hospital (Salmon Arm)	Inpatient Care Services - Planning	400,000	363,760
	Physiological Monitoring System (add'l funding)	16,000	2,955
	Hot Water Loop Upgrade	184,100	92,054
	MDR Storage Upgrades	34,000	34,000
	Medstations, Additional	79,200	79,200
	Steam Sterilizer	76,800	76,800
Queen Victoria Hospital (Revelstoke)	Access Control Enhancement	30,000	30,000
	Security Camera Upgrade (Mount Cartier Court)	29,600	29,600
	Chiller Replacement	429,600	429,600
	OR Lights	343,600	343,600
Regional	Leasehold Improvements-Renovation and Expansion	720,000	141,699
	Leasehold Improvements-Reno (add'l funding)	520,000	520,000
	IH Wide IMIT	643,200	87,577
	Laboratory Middleware (additional funding)	156,400	93,457
	Generator Replacement	480,000	160,245
	IH Wide IMIT	646,100	103,806
	Generator & Switchgear Replacement	380,000	213,256
	Long-term Care Facility - Business Plan	160,000	160,000
	IH Wide IMIT	853,900	341,171
	Chiller Replacement (add'l funding)	115,600	75,158
	Air Handling Unit	34,000	34,000
	Loading Dock Upgrade	32,000	3,813
	IH Wide IMIT	649,700	210,308
	Bus for Adult Day Care	49,200	49,200
	Chiller and Cooling Tower Replacement	438,400	438,400
	Chiller Replacement	200,000	200,000
	Leasehold Improvements (add'l funding)	396,000	396,000
	Boiler Upgrade	306,800	256,681
	Elevator Upgrade	135,400	135,400
	Heat Trace for Gutters	36,000	36,000
	Upgrade to Front Entrance	34,000	34,000
	IH-Wide IMIT 23/24	936,000	936,000
		<b>\$ 16,151,600</b>	<b>\$ 11,203,141</b>

- b) The Regional Hospital District has committed to the following expenditures which have been approved by the Interior Health Authority and the Board and to be financed through borrowing bylaws at completion of the projects:

		Total	Unexpended
Queen Victoria Hospital	Generator (Bylaw 74)	\$ 1,980,000	\$ 1,149,769
Vernon Jubilee Hospital	Electrical Infrastructure Upgrade - Phase 1 (Bylaw 79)	1,400,000	1,305,102
		<b>\$ 3,380,000</b>	<b>\$ 2,454,871</b>

# North Okanagan Columbia Shuswap Regional Hospital District

## Notes to Financial Statements

December 31, 2023

### 5. Temporary Borrowing

Capital Expenditure & Borrowing Bylaw	Rate	2023 Net Debt	2022 Net Debt
74	5.62%	\$ 720,000	\$ 720,000

Interest on short-term debt is paid monthly. There are no specific terms of repayment. Interest is a daily variable rate through the MFA. Repayment of short-term debt is either by cash payment at the completion of the project or by conversion to long term debt.

### 6. Long-term Debt

Security Issuing Bylaw	Maturity Date	Rate	Original Debt Amount	2022 Net Debt	Principal Repayments	Actuarial Adjustment Recognized	2023 Net Debt
32	2029	2.25%	3,822,900	1,688,352	(128,380)	(85,382)	1,474,590
38	2035	1.28%	7,480,000	4,762,142	(200,421)	(95,125)	4,466,596
44	2023	3.15%	1,500,000	177,823	(124,936)	(52,887)	-
45/106	2034	2.25%	27,280,235	16,388,792	(655,052)	(435,658)	15,298,082
45/116	2036	1.47%	30,586,554	20,640,583	(819,544)	(348,109)	19,472,930
46	2036	1.47%	10,500,000	7,085,667	(281,340)	(119,502)	6,684,825
58	2033	3.20%	3,383,838	2,622,680	(181,937)	(22,835)	2,417,908
68	2035	1.99%	2,868,687	2,533,603	(165,883)	(6,702)	2,361,018
			\$ 87,422,214	\$ 55,899,644	\$ (2,557,493)	\$ (1,166,199)	\$ 52,175,950

Principal payments, actuarial adjustments and interest obligations for the next five years and thereafter:

Year	Principal	Actuarial Adjustment	Interest
2024	2,432,557	1,240,327	1,588,532
2025	2,432,557	1,371,966	1,564,907
2026	2,432,557	1,508,399	1,564,907
2027	2,432,557	1,649,803	1,564,907
2028	2,432,557	1,796,362	1,564,907
Thereafter	16,339,576	16,106,733	11,523,408
Totals	\$ 28,502,360	\$ 23,673,590	\$ 19,371,566

Interest is calculated on a semi-annual basis and is based on the original debt amount. An actuarial adjustment is recorded to adjust the outstanding loan balance to actual.

### 7. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.