

NOCSRHD BOARD REPORT

TO: Chair and Directors

File No: 8900 42 BL84, 2024

SUBJECT: 2024 NOCSRHD Five Year Financial Plan

DESCRIPTION: Report from Jodi Pierce, General Manager, Financial Services, dated February 29, 2024. Bylaw for adoption.

RECOMMENDATION #1: THAT: Bylaw No. 84, 2024, cited as "2024 North Okanagan/Columbia Shuswap Regional Hospital District Financial Plan Bylaw No. 84, 2024, be read a first, second and third time, this 28th day of March, 2024.

Corporate Vote Weighted

RECOMMENDATION #2: THAT: Bylaw No. 84, 2024, cited as "2024 North Okanagan/Columbia Shuswap Regional Hospital District Financial Plan Bylaw No. 84, 2024, be adopted, this 28th day of March, 2024.

Corporate Vote Weighted

SUMMARY:

Attached is the proposed 2024 Five Year Financial Plan for the North Okanagan Columbia Shuswap Regional Hospital District. This financial plan includes all previously approved but uncompleted projects, all traditionally funded capital initiatives and all projects in the Capital Funding request submitted December 12, 2023.

BACKGROUND:

On December 12, 2023, a Capital Funding request letter was submitted to the North Okanagan Columbia Shuswap Regional Hospital District in the amount of \$7,442,410 (2023 - \$7,113,000). At a budget meeting held on January 23, 2024, a preliminary budget was presented to the Board that reflected a 2% tax increase.

On February 2, 2024, Interior Health submitted the 2022/2023 Closed Projects letter. The impacts of the closed projects are summarized in the Status of Approved and Proposed Projects 2024 – Bylaw No. 84, 2024 document attached to this board report. The approved total of the closed projects was \$5,738,050 including \$1,980,000 for the Queen Victoria Hospital generator project that was to be funded using long term borrowing. The value of the closed projects came in at \$3,888,942.48 or approximately \$1.85 million under budget. This represents \$699,000 available to go into reserve funds and \$1.150 million of unneeded borrowing. As the Hospital District had drawn down \$720,000 of temporary borrowing towards the long-term borrowing bylaw, staff are now recommending that this amount be paid from the reserve funds, which is only \$21,000 from existing reserves and the \$699,000 from the previously unaccounted for reserves as the closed project list was not available during the draft 1 budget presentation. The funding of the generator project from reserves can be accommodated without any change to the approved tax increase and frees up approximately \$80,000 annually in debt repayment and interest if long-term borrowing were to be utilized.

After finalization of the year end, a 2% tax increase will allow for a contribution to reserves of approximately \$2,500,000 for the significant projects that have been discussed and are in various stages

of planning and conceptualization. Previous discussions with the Board indicated support for building reserves to offset some larger capital projects that are on the horizon.

The Board supported the staff recommendation to proceed to develop the budget with a 2.0% increase as presented.

POLICY:

An annual budget must be approved by March 31st of each year and a provisional budget must be approved by December 31st each year as required by Section 23 of the Hospital District Act. The 2024 Five Year Financial Plan serves as both documents.

FINANCIAL:

The 2023 Five Year Financial Plan is produced in the same format as previous years and is compliant with Public Sector Accounting Board (PSAB) requirements. The current year actuals, as per the Annual Financial statements, are compared to the related budget and are projected out based on reasonable estimates for five years to meet the requirement to approve a provisional budget by December 31.

The annual deficit projected for 2024 is due, in large part, to the projects that had previously been approved but have not yet been completed and will require reserve funds to complete. In years following, the annual surplus component of the budget includes actuarial adjustments; but not transfers to reserves, debt payments nor proceeds from additional debt. These comparisons are necessary for internal financial reporting purposes. To arrive at a balanced financial plan per the Hospital District Act requirements, the transfers from reserves, debt payments and proceeds from additional debt are added or subtracted to the annual surplus or deficit as determined under PSAB requirements.

The overall proposed 2024 tax requisition is a 2.0% increase over 2023 which when applied across jurisdictions can range from a decrease of .3% in the Electoral Areas to an increase of 10.7% in the City of Revelstoke due to changes in assessments. This financial plan is projecting approximately 2% increases in taxation in the next four years but will be reconsidered annually. This will allow the Hospital District to cover all expenditures, including debt payments and accumulate cash reserves for the significant projects on the horizon.

The tax rate implication is a increase in the mill rate from \$0.2370/\$1,000 assessment in 2023 to \$0.2421/\$1,000 in 2023. The average residential tax would increase from \$146.84 per average residence assessed at \$619,561 in 2023 to \$153.25 per average residence assessed at \$632,966 in 2024.

KEY ISSUES/CONCEPTS:

The 2024 Five Year Financial Plan includes the following:

1. Total Tax Requisition has increased by 2.0% to \$13,027,072 (2023 - \$12,775,842).
2. The financial plan includes annual IHA capital expenditure request of \$7,442,410 for the current year. Prior approved capital expenditures carried over from previous years to 2024 is \$12,508,243 which includes completion of the Electrical Upgrade project at Vernon Jubilee Hospital.
3. Transfer to reserves in the amount of \$2,570,000.
4. Budget indicates a deficit of \$6,985,359 (2023 – deficit of \$7,286,398) largely because of projects that have been carried forward for completion that were budgeted and taxed for in prior years and/or using borrowing as a source of funding.

5. Final 2024 Tax Requisition will change slightly utilizing BC Assessment 2024 Revised Roll (and 2023 Final roll) due March 31, 2024 (current rates have been calculated using the 2024 Completed Roll)
6. The Regional Hospital District does not fund Hospital operating expenditures which are the responsibility of the Interior Health Authority.

IMPLEMENTATION:

The approved budget will be implemented upon adoption and will provide the authority for expenditures.

COMMUNICATIONS:

The approved annual budget will be distributed to member Municipalities, Interior Health and various Provincial Ministries as well as posted on the CSRD website.

DESIRED OUTCOMES:

That the 2024 NOCSRHD Five Year Financial Plan in the amount of \$21,666,659 be approved.

BOARD'S OPTIONS:

1. *Endorse the Recommendation.*
2. *Deny the Recommendation.*
3. *Defer.*
4. *Any other action deemed appropriate by the Board.*

Report Approval Details

Document Title:	2024-03-28_NOCSRHD_2024 Five Year Financial Plan Bylaw No. 84.docx
Attachments:	<ul style="list-style-type: none">- BL84, 2024 2024 Five Year Financial Plan page 1.pdf- NOCSRHD Bylaw No 84, 2024 Schedule A.pdf- Status of Approved and Proposed Projects 2024 - Bylaw No 84, 2024.pdf- Bylaw No 84, 2024 Estimated Tax Requisition - Completed Roll.pdf
Final Approval Date:	Mar 22, 2024

This report and all of its attachments were approved and signed as outlined below:



Jennifer Sham

No Signature - Task assigned to John MacLean was completed by workflow administrator Crystal Robichaud

John MacLean