

**Columbia Shuswap
Regional Hospital District
Financial Statements
For the year ended December 31, 2013**

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Independent Auditor's Report

**To the Directors
Columbia Shuswap Regional Hospital District**

We have audited the accompanying financial statements of Columbia Shuswap Regional Hospital District, which comprise the statement of financial position as at December 31, 2013, and the statements of operations, change in surplus and accumulated surplus, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as, evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Columbia Shuswap Regional Hospital District as at December 31, 2013 and the results of its operations, changes in surplus and accumulated surplus and its cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

**Salmon Arm, British Columbia
March 20, 2014**

**Columbia Shuswap Regional Hospital District
Statement of Operations**

For the year ended December 31

	Budget	2013	2012
Revenues			
Credit on member municipalities			
Town of Golden	\$ -	\$ -	\$ (14,624)
City of Revelstoke	-	-	(29,325)
City of Salmon Arm	-	-	(55,931)
District of Sicamous	-	-	(16,217)
Electoral Areas	-	-	(108,368)
Little Shuswap Indian Band	-	-	(3,297)
	-	-	(227,762)
Actuarial adjustment	6,391	6,391	24,341
Debenture surplus payout	20,000	27,792	81,543
Debt reserve fund refund	2,400	2,464	6,775
Grants in lieu of taxes	-	87	(670)
Interest	40	80	1,500
	<u>28,831</u>	<u>36,814</u>	<u>(114,273)</u>
Expenditures			
Interest on long-term debt	11,748	11,748	30,748
Transfer to CSRD general government	20,309	28,292	-
	<u>32,057</u>	<u>40,040</u>	<u>30,748</u>
Annual deficit	\$ (3,226)	\$ (3,226)	\$ (145,021)

**Columbia Shuswap Regional Hospital District
Statement of Change in Surplus and Accumulated Surplus**

For the year ended December 31	Budget	2013	2012
Annual deficit	\$ (3,226)	\$ (3,226)	\$ (145,021)
Surplus and accumulated surplus, beginning of year	3,226	3,226	148,247
Surplus and accumulated surplus, end of year	\$ -	\$ -	\$ 3,226

Surplus and accumulated surplus represented by:

Cash and investments	\$ -	\$ 14,117
Other current fund	-	(501)
Debt recoverable from future taxation	-	(10,390)
Surplus and accumulated surplus, end of year	\$ -	\$ 3,226

**Columbia Shuswap Regional Hospital District
Statement of Cash Flows**

For the year ended December 31	2013	2012
Operating		
Annual deficit	\$ (3,226)	\$ (145,021)
Non-cash items:		
Actuarial adjustment on MFA debt	(6,391)	(24,341)
Decrease in due to other governments	(501)	(561)
	<u>(10,118)</u>	<u>(169,923)</u>
Financing		
Long-term debt retirement	<u>(3,999)</u>	<u>(16,654)</u>
Net change in cash	(14,117)	(186,577)
Opening cash	<u>14,117</u>	<u>200,694</u>
Closing cash	\$ -	\$ 14,117

Columbia Shuswap Regional Hospital District Summary of Significant Accounting Policies

December 31, 2013

The Columbia Shuswap Regional Hospital District ("Regional Hospital District") is a governing agency for the hospitals in the Columbia Shuswap region and is incorporated under the Hospital District Act. Its principal activities are to finance capital construction projects and capital equipment purchases for health care facilities within the Columbia Shuswap Regional District.

Management's Responsibility for the Financial Statements and Basis of Presentation	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 Canadian Institute of Chartered Accountants (CICA) and include all funds belonging to the economic entity of the Regional Hospital District.
Revenue Recognition	<p>The Columbia Shuswap Regional Hospital District does not accrue grants receivable for equipment and construction. Grants are recorded only when received.</p> <p>Taxation revenues are recognized at the time the property tax requisitions for the fiscal year become receivable.</p>
MFA Debt Reserve	The MFA requires a cash contribution of 1% of the face value of debt when issued. Upon the MFA's administration of the debt in the current year, 1% was charged on the gross balance transferred from the Province of B.C. 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.
Long-term Debt	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.

Columbia Shuswap Regional Hospital District Notes to Financial Statements

December 31, 2013

1. 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, 2013, the debenture debt was fully retired with the cash balance in the debt reserve fund at \$0 (2012 - \$2,406) and the demand notes in connection with debenture debt at \$0 (2012 - \$6,296).

2. Future Operations

The capital projects undertaken by the Regional Hospital District have been fully funded and the remaining associated debt fully retired as at the end of August 2013. As the Regional Hospital District existed solely to fund this debt, it ceased to operate after December 31, 2013 under the Hospital District Act and all remaining cash assets in the amount of \$28,292 were returned to taxpayers by way of transfer in 2013 to the Columbia Shuswap Regional District General Government function which comprise the same group of taxpayers.

**Columbia Shuswap Regional Hospital District
Schedule of Long-term Debt**

For the year ended December 31

2013

2012

Security Issuing Bylaw	Maturity Date	Rate	Original Debt Amount	Net Debt	Net Debt
29	2013	8.50%	\$ 138,209	\$ -	\$ 10,390