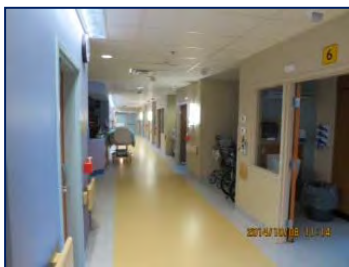




Fraser-Fort George  
**REGIONAL HOSPITAL  
DISTRICT**

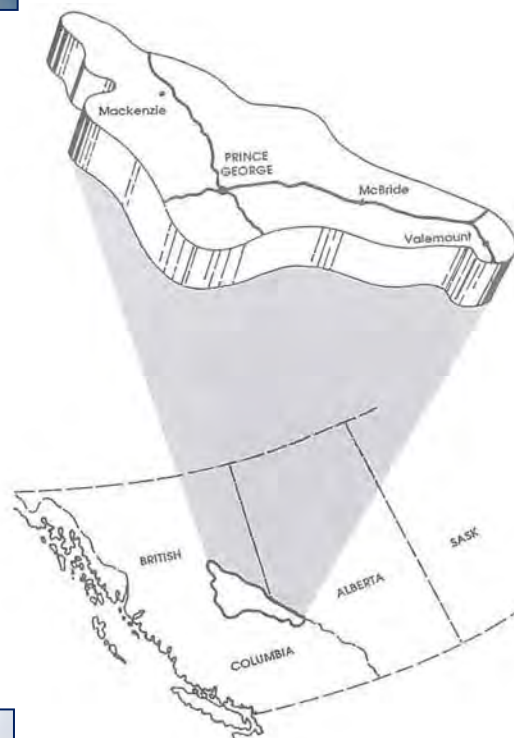
# *2015 FINANCIAL STATEMENTS*



UHNBC NCCS High Acuity  
Unit Renovations



UHNBC NCCS High Acuity  
Unit Renovations



UHNBC Maternity and  
Child Entrance



UHNBC Maternity and  
Child Entrance

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of the Fraser-Fort George Regional Hospital District (the "Regional Hospital District") are the responsibility of management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Canadian Institute of Chartered Professional Accountants. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Regional Hospital District's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

Management meets with the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by the Regional Hospital District. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Regional Hospital District's financial statements.

*"Natalie Wehner"*

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Natalie Wehner, CPA, CMA  
General Manager of Financial Services



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## **INDEPENDENT AUDITORS' REPORT**

To the Chairperson and Directors of the Fraser-Fort George Regional Hospital District

### *Report on Financial Statements*

We have audited the accompanying financial statements of the Fraser-Fort George Regional Hospital District, which comprise the statement of financial position as at December 31, 2015, and the statements of operations and accumulated surplus and cash flows for the year then ended, and notes, comprising 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.

### *Auditors' 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, we consider internal control relevant to the entity's preparation and fair presentation 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 overall presentation of the financial statements.

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

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

**Document Classification: KPMG Confidential**



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Fraser-Fort George Regional Hospital District as at December 31, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*

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Chartered Professional Accountants

April 21, 2016

Prince George, Canada



**Statement of Financial Position  
as at December 31, 2015**

**Exhibit A**

	<u>2015</u>	<u>2014</u>
<b>FINANCIAL ASSETS</b>		
Cash and Temporary Investments (Note 3)	\$ 12,784,309	\$ 10,786,122
Receivables		811
- Accrued Interest	-	
- City of Prince George	29,920	25,703
- District of Mackenzie	1,142	1,239
- RDFFG	5,865	-
Capital Debt Recoverable (Note 4)	<u>9,434,900</u>	<u>10,471,935</u>
	<u>22,256,135</u>	<u>21,285,810</u>
<b>FINANCIAL LIABILITIES</b>		
Accounts Payable and Accrued Interest	\$ 223,282	\$ 65,898
Debenture debt - Municipal Finance Authority (Note 4)	<u>9,434,900</u>	<u>10,471,935</u>
	<u>9,658,182</u>	<u>10,537,833</u>
<b>ACCUMULATED SURPLUS (Note 6)</b>	<u>\$ 12,597,953</u>	<u>\$ 10,747,977</u>

*"Natalie Wehner"*

Natalie Wehner, CPA, CMA, General Manager of Financial Services

**Statement of Operations and Accumulated Surplus  
for the year ended December 31, 2015**

**Exhibit B**

	<b>2015 Budget (Note 7)</b>	<b>2015 (Actual)</b>	<b>2014 (Actual)</b>
<b>REVENUES</b>			
Tax Levy			
City of Prince George	\$ 4,027,835	\$ 4,027,835	\$ 3,949,076
District of Mackenzie	228,000	228,000	195,334
Villages of McBride and Valemount	77,422	77,422	78,138
Electoral areas A,C,D,E,F,G and H	<u>1,470,373</u>	<u>1,470,373</u>	<u>1,467,282</u>
	<b>5,803,630</b>	<b>5,803,630</b>	<b>5,689,830</b>
Grants - in lieu of taxes	15,000	31,082	27,976
Interest and miscellaneous	10,000	160,789	137,960
Debenture surplus refunds	-	-	236,449
	<u>5,828,630</u>	<u>5,995,501</u>	<u>6,092,215</u>
<b>EXPENSES</b>			
Directors' remuneration and benefits	\$ 8,140	\$ 7,204	\$ 7,534
Administrative overheads	247,160	247,160	242,270
Audit, legal and miscellaneous	11,920	7,100	5,500
Debt servicing costs	1,089,750	1,079,735	1,231,773
Section 20(2) Hospital District Equipment Grants Northern Health Authority	<u>3,424,530</u>	<u>2,804,326</u>	<u>3,342,915</u>
	<u>4,781,500</u>	<u>4,145,525</u>	<u>4,829,992</u>
<b>ANNUAL SURPLUS</b>	<b>\$ 1,047,130</b>	<b>\$ 1,849,976</b>	<b>\$ 1,262,223</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>10,747,977</b>	<b>10,747,977</b>	<b>9,485,754</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b><u>\$ 11,795,107</u></b>	<b><u>\$ 12,597,953</u></b>	<b><u>\$ 10,747,977</u></b>



**Statement of Cash Flows  
for the year ended December 31, 2015**

**Exhibit C**

	<b>2015</b>	<b>2014</b>
<b>OPERATING</b>		
Annual surplus	\$ 1,849,976	\$ 1,262,223
Increase/(decrease) in receivables	(9,173)	64
Decrease/(increase) in accounts payable and accrued interest	157,384	(22,491)
Decrease/(increase) in due to Regional District of Fraser-Fort George	-	(3,290)
	<u>1,998,186</u>	<u>1,236,506</u>
<b>FINANCING</b>		
Repayment of debenture debt	\$ (1,037,035)	\$ (1,059,492)
Decrease in capital debt recoverable	1,037,035	1,059,492
	<u>-</u>	<u>-</u>
<b>INVESTING</b>		
Increase in temporary investments	\$ (2,008,006)	\$ (207,764)
Net Increase/(decrease) in cash	\$ (9,820)	\$ 1,028,742
Cash (bank indebtedness), beginning of year	420,276	(608,466)
Cash, end of year	<u>\$ 410,456</u>	<u>\$ 420,276</u>

**Notes to the Financial Statements  
for the year ended December 31, 2015**

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**1. DESCRIPTION OF BUSINESS**

The Fraser-Fort George Regional Hospital District ("Regional Hospital District") was incorporated by Letters Patent of the Province of British Columbia on July 11, 1967. It provides financing and shares in the funding of hospital and health care facilities for Valemount, McBride, Mackenzie and Prince George, British Columbia.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Financial Statements** The Regional Hospital District prepares its financial statements in accordance with Canadian public sector accounting standards as developed by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Professional Accountants.

**Financial Instruments** The Regional Hospital District's financial instruments consist of cash and temporary investments, receivables, debenture debt and accounts payable and accrued interest. Unless otherwise noted, it is management's opinion that the Regional Hospital District is not exposed to significant interest, currency or credit risks arising from these financial instruments.

**Revenue Recognition** Taxation revenues in the form of local government requisitions are recognized when received from the Province of British Columbia and member Municipalities in August of each year. Interest revenue is recorded when earned. Grants in lieu of taxes are recorded on an accrual basis when it is possible to reasonably estimate the amounts receivable.

**Debenture Interest** Debenture interest expense is recorded on the accrual basis.

**Use of Estimates** The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenditures during the reporting period. The items requiring the use of significant estimates include the collectability of accounts receivable. Actual results could differ from the estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

**3. CASH AND TEMPORARY INVESTMENTS**

Cash and temporary investments are comprised of cash balances plus temporary investments held with the Municipal Finance Authority in money market and intermediate pooled investment funds. These investments are carried at market value which approximates cost.

	<b>2015</b>	<b>2014</b>
Cash	\$ 410,456	\$ 420,276
Short-Term Investments	12,373,853	10,365,846
Balance, End of Year	<u>\$ 12,784,309</u>	<u>\$ 10,786,122</u>



**Notes to the Financial Statements  
for the year ended December 31, 2015**

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**4. DEBENTURE DEBT - MUNICIPAL FINANCE AUTHORITY**

These represent advances to hospitals in the district (for capital projects) which have been financed by debenture issues of the Regional Hospital District. The advances will be eliminated when the related debenture debt is retired.

**5. CREDIT FACILITY**

The Regional Hospital District has available an authorized operating line of credit to a maximum of \$750,000. This facility bears interest at prime rate (December 31, 2015 – 2.7%) and is secured by the current borrowing resolution.

**6. ACCUMULATED SURPLUS**

	<u>2015</u>	<u>2014</u>
Capital Reserve	\$ 12,597,953	\$ 10,747,977
Operating Surplus	-	-
	<u>\$ 12,597,953</u>	<u>\$ 10,747,977</u>

The Capital Reserve Fund balance is comprised of:

Balance, Beginning of Year	\$ 10,747,977	\$ 8,849,608
Transfer from General Operating	1,849,976	1,898,369
Balance, End of Year	<u>\$ 12,597,953</u>	<u>\$ 10,747,977</u>

The Operating Surplus balance is comprised of:

Balance, Beginning of Year	\$ -	\$ 636,146
Transfer to Capital Reserve Fund	(1,849,976)	(1,898,369)
Annual Surplus	1,849,976	1,262,223
Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>



**Notes to the Financial Statements  
for the year ended December 31, 2015**

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**7. RESTATEMENT OF 2015 BUDGET**

The budget amounts presented throughout these financial statements are unaudited and represent the budget bylaw approved by the Regional Hospital District Board on March 19, 2015. The budget anticipated use of surpluses accumulated in previous years to balance against current year expenditures in excess of current year revenues.

The summary below reconciles the 2015 adopted budget to the Statement of Operations.

Budget bylaw, surplus for the year	\$ -
Add:	
Transfer to reserve:	1,959,310
Less:	
Transfer from previous year's surplus	(912,180)
<b>Budgeted Annual Surplus, as per Statement of Operations</b>	<b>\$ <u>1,047,130</u></b>

**8. STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**

A statement of changes in net financial assets has not been prepared as the Regional Hospital District does not have any non-financial assets, therefore, a reconciliation of annual surplus to net financial assets does not provide any further meaningful information.