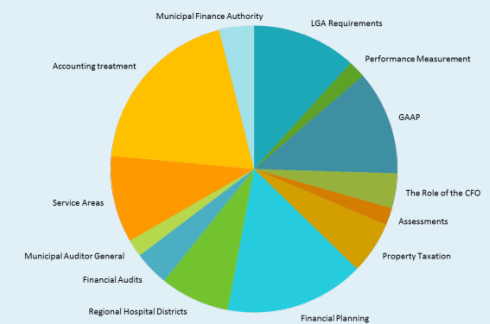


# Service Area



- The Federal Gov't will pay "GILT" for the Pen assessment (usually 2 -3 years in arrears).
- If its a Provincial prison NO payment is made in Electoral Areas, only in municipalities
- The "Holy Smokes" Church Camp is exempt from taxation.
  - A contract for the service should be implemented
- The IR#1 is exempt. No "GILT".
  - A contract for service should be implemented if service is applicable.

# Municipal Finance Authority



# Municipal Finance Authority



## Who is the Municipal Finance Authority?

- **A Collective Structure**

The Municipal Finance Authority of British Columbia (MFA) was created in 1970 to contribute to the financial well-being of local governments throughout BC. The MFA pools the borrowing and investment needs of BC communities and through a collective structure is able to provide a range of low cost and flexible financial services.

- 

## Representation from Every Community in BC

- **MFA Members**

- The Members of the MFA are elected officials appointed by their regional boards of each regional district in BC. The number of MFA members (currently 38) is based on population of the regional district. All 28 regional districts are represented by the [Members of the Authority](#).
- The Members meet twice a year, once at the Annual General Meeting (AGM), held prior to March 31st each year, and again in the fall, in conjunction with the Annual Union of BC Municipalities Convention. At the Members' meetings they review and authorize the issue and sale of securities as recommended by the Board of Trustees.
- At the AGM, the Members elect ten Trustees and the Chair. Four Trustees must be from the Greater Vancouver Regional District, one from the Capital Regional District and the other five from the remaining regional districts.

# Municipal Finance Authority



## Board of Trustees

- The Board of Trustees provides certain executive and administrative powers and duties, including the appointment of the treasurer and secretary. Oversight of policy, strategy and business plans is conducted through a Finance and Audit Committee, a Human Resources Committee and an Investment Advisory Committee.

- 

## Credit Rating

- Of all things that we do for BC communities, protecting our high credit rating is by far the most important. It is the key to our ability to provide ready, cost-effective access to capital for MFA clients. Our strong credit rating means that we have been independently rated by Moody's Investors Services, Standard & Poor's, and Fitch Ratings as having an "extremely strong" capacity to meeting our financial commitments. This high level is widely recognised by the global financial community. We earned it because of our strong liquidity position, a 37-year history of prudent lending operations, and the sound legislative framework that protects investor interests.
- In 2005, each of our capital financings saw the MFA's borrowing rates below those of the Province of Ontario. The MFA is the only municipal borrower in Canada that can make this claim.
- The MFA credit ratings are among the highest in Canada and are rated by Standard & Poor's, AAA; Moody's Investor Services, Aaa; and Fitch Ratings, AAA.

# Municipal Finance Authority



## **What does the MFA do?**

- The MFA provides long-term and short-term financing, investment management, leasing and other financial services to communities and public institutions in BC.

You may already be familiar with some of the work that we have done to help build BC communities:

- Raised over \$5 billion for community capital projects.
- Pooled long-term borrowing needs to negotiate low-interest rates and favourable terms each year.
- Saved BC taxpayers millions of dollars in debt repayments due to our high credit rating.
- 

## **Expansion of the Mandate**

- Since its founding, the MFA has focused on providing long-term capital financing for its members. By 1989, it became obvious that the structure and credit of the Authority could be used for purposes other than capital borrowing. As a result, the objectives and activities of the MFA have been expanded to include not only capital financing, but also short-term investment opportunities, interim financing, and leasing for members. These are optional products with competitive rates.
- 

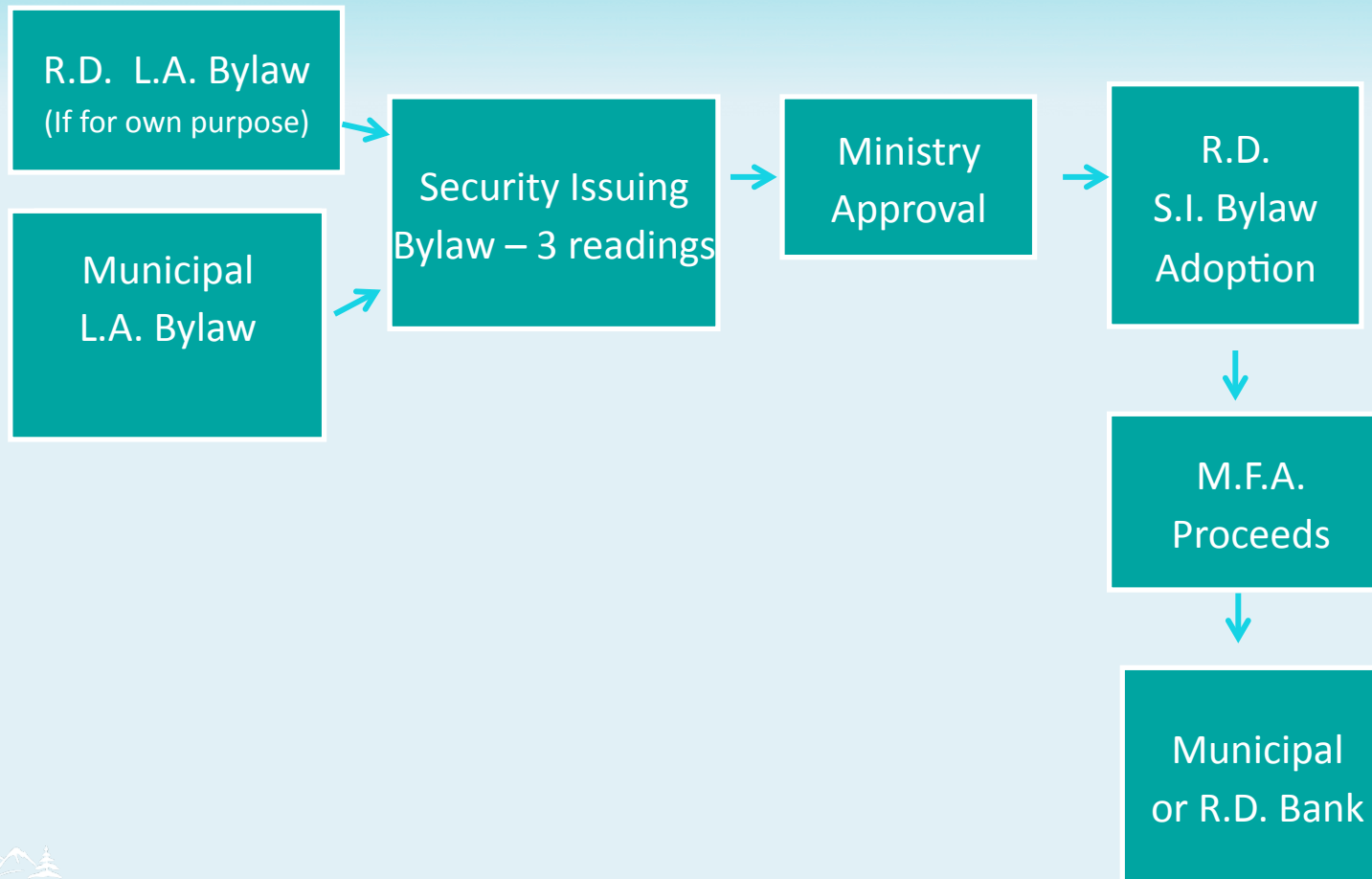
For providing its pooled investment services, the Authority pays itself approximately 7 basis points. This source of revenue is now 45% of our annual budget. Revenues from the investment pools and other financial services continue to grow. Starting in 1994, the Authority has paid an annual dividend of \$250,000 to the funds' participants. This is a dramatic improvement over our situation in 1983, before user-pay financial services were initiated. In that year, taxes provided 83% of revenue. In 1998, the taxes accounted for only about 6% of total revenue.

# Municipal Finance Authority



- RD borrows for both it's own purposes and on behalf of member municipalities
- “Own purposes” may include revenue anticipation, short term capital and long term capital borrowing
- Loan authorization bylaw on behalf of member municipalities for major municipal capital works

# Municipal Finance Authority



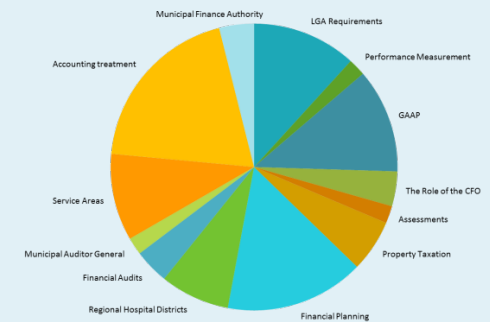
# Municipal Finance Authority



- Other Borrowing
  - Revenue Anticipation (Sec. 821 LGA)
    - R.D.'s funds arrive on Aug 1<sup>st</sup>, generally need operating funds from Jan to July to meet obligations
  - Short term capital (Sec 822 LGA)
    - RD's can borrow for up to 5 yrs for capital works related to general government with only Board approval, the sum of \$50,000 plus the product of \$2 times the population of the RD. Requires Inspector approval.



# Performance Measurement



# Performance Measurement



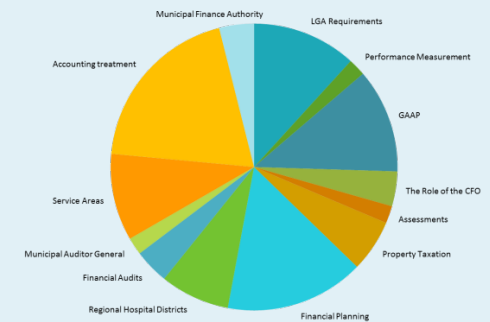
- Used in long-term planning and goal setting
- Linked to the entity's mission, goals and objectives
- Assists in identifying financial and program results
- Assists in evaluating resource allocation decisions, both past and future
- Requirement of municipalities since 2004 – R.D. will need to report in future?

# Performance Measurement



- Why concerns on “managing for results”?
  - Historic lack in public confidence of government at all levels
  - Demand for accountability and transparency
  - Resistance to tax and fee increases
  - Emphasis on service quality
  - Value for money

# Financial Audits



# Financial Audits



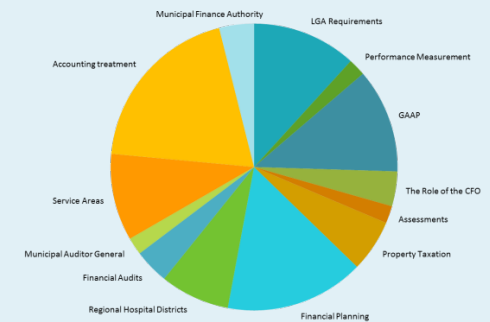
- Audits the Financial Statements prepared by “Management” (CFO).
  - Independent review of the Financial Statements
    - F/S Properly reflects financial position & transactions
    - Ensure that the Financial Statements are presented according to GAAP
- Audit report is directed to the Board of Directors
  - Auditors must be independent and/or report any non-audit work undertaken for the client
    - Related Parties Issues due to Enron

# Financial Audits



- Audits
  - Do not guarantee that the Financial Records are Perfect
    - Order of magnitude review (Materiality)
  - Do not ensure that no Fraud has occurred
    - Management signs a Fraud document
  - Do not undertake a full review of an Organizations Financial Systems
    - A Management letter is sometimes issued

# Municipal Auditor General



# Role of the Auditor General



- Perform Performance (Value for money) audits
  - Examine the efficiency of a programs
  - Measure effectiveness
  - Review stewardship of assets
  - May identify “best practices”
- May large Municipalities already have internal auditors who conduct these types of reviews

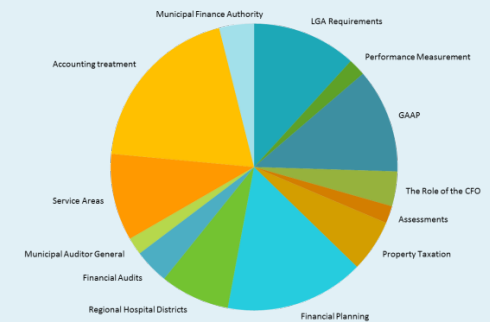


# Role of the Auditor General



- The MAG will not
  - Make policy decisions
  - Overrule policy decisions
  - Set or change tax rates
  - Call into question the merits of a program
  - Make binding recommendations
  - Replace the Financial Audit performed by the RD's Auditors

# Regional Hospital Districts



# Regional Hospital Districts



## *f* What it is

- f* R.H.D.'s may have the same boundaries as the F.V.R.D.
- f* May consist of the same directors as the R.D.
- f* Elects from amongst its directors, a chair and acting chair annually
- f* Officers and officials may be the same as the R.D. or contracted to other Regions
- f* Composition and boundaries of R.H.D.'s vary throughout the Province

# Regional Hospital Districts



## *f* Why it Exists

- f* to establish, acquire, construct, reconstruct, enlarge, operate and maintain hospitals and hospital facilities
- f* to grant aid for the establishment, acquisition, reconstruction, enlargement, operation and maintenance of hospitals and hospital facilities
- f* to pay principal and interest on borrowings incurred
- f* Allows for the funding of Minor renovations and secondary equipment annually

# Regional Hospital Districts



## *f* Cost Sharing

- f* Traditional sharing of Capital Projects were 60% Health Authority/Province and 40% RHD

- f* RHD's can fund any amount now

- f* RHD's are not required to seek public assent for Long Term Debt

## *f* Operating Costs

- f* RHD's do not fund operations

## *f* Operational Decisions

- f* Traditionally RHD's have no role in operating Hospital facilities

# Regional Hospital Districts

## F.V.R.H.D. 2011 -2015 FINANCIAL PLAN

Appendix "A"

### FRASER VALLEY REGIONAL HOSPITAL DISTRICT

	2010 Final Budget	2011 Financial Plan	2012 Financial Plan	2013 Financial Plan	2014 Financial Plan	2015 Financial Plan
<b>REVENUES:</b>						
Annual Revenue						
Tax Requisition	11,204,121	10,924,018	10,650,918	10,384,645	9,865,412	9,372,142
Grants in lieu of Taxes	130,000	130,000	130,000	130,000	130,000	130,000
Interest Revenue	15,000	15,000	15,000	15,000	15,000	15,000
MFA Dividend Revenue	0	0	0	0	0	0
Other - First Nations Recovery	4,000	4,000	4,000	4,000	4,000	4,000
	<u>11,353,121</u>	<u>11,073,018</u>	<u>10,799,918</u>	<u>10,533,645</u>	<u>10,014,412</u>	<u>9,521,142</u>
<b>Financing &amp; Reserve Fund Activities:</b>						
Capital Projects Reserve	9,683,350					
Unappropriate Reserve (Equipment)	326,625					
Prior Year Surplus		280,103	0	0		
Debenture Proceeds	7,500,000					
Debenture refunds	12,000	12,000	50,750	30,900	45,444	22,818
	<u>17,521,975</u>	<u>292,103</u>	<u>50,750</u>	<u>30,900</u>	<u>45,444</u>	<u>22,818</u>
<b>Total Revenue</b>	<u>28,875,096</u>	<u>11,365,121</u>	<u>10,850,668</u>	<u>10,564,545</u>	<u>10,059,856</u>	<u>9,543,960</u>
<b>EXPENSES:</b>						
Wages & Benefits						
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Services &amp; Supplies</b>						
Administration Fee - FVRD	246,000	268,225	273,590	279,061	284,643	290,335
Long Term Debt						
- Interest - Existing Debt	1,515,891	1,385,595	873,474	581,470	193,615	8,825
- Interest - AHCC	1,774,201	1,774,201	1,774,201	1,774,201	1,774,201	1,774,201
- Interest - CGH	758,500	973,325	973,325	973,325	973,325	973,325
- Interest - Temporary Borrowing	178,000	0	0	0	0	0
MFA Debt Issuing Fees - CGH	45,000	0	0	0	0	0
Contributions to Chilliwack General Hospital	15,000,000	0	0	0	0	0
Contribution to Fraser Health Authority	4,677,100	2,147,681	2,220,000	2,220,000	2,220,000	2,220,000
	<u>24,194,692</u>	<u>6,549,027</u>	<u>6,114,590</u>	<u>5,828,057</u>	<u>5,445,784</u>	<u>5,266,686</u>
<b>Vehicle, Building &amp; Equipment maintenance</b>						
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Internal Services</b>						
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Financing &amp; Reserve Fund Activities:</b>						
Long Term Debt						
MFA Cash Holdback - CGH	75,000					
- Principal - Existing	536,221	486,652	313,770	210,706	69,231	2,617
- Principal - AHCC	1,308,851	1,308,851	1,308,851	1,308,851	1,308,851	1,308,851
- Principal - CGH	495,332	755,591	755,591	755,591	755,591	755,591
Transfer to Reserve - Mission Memorial	2,265,000	2,265,000	2,265,000	2,265,000	2,265,000	0
Transfer to Reserve - Capital Project		0	92,866	196,339	215,400	2,210,214
	<u>4,680,404</u>	<u>4,816,094</u>	<u>4,736,078</u>	<u>4,736,487</u>	<u>4,614,073</u>	<u>4,277,273</u>
<b>Total Expenditure</b>	<u>28,875,096</u>	<u>11,365,121</u>	<u>10,850,668</u>	<u>10,564,544</u>	<u>10,059,857</u>	<u>9,543,959</u>
<b>NET BUDGETARY SURPLUS/(DEFICIT)</b>	<u>0</u>	<u>-0</u>	<u>0</u>	<u>0</u>	<u>-0</u>	<u>0</u>

# Questions & Answers

