

East Central Health

Financial Statements

March 31, 2006

EAST CENTRAL HEALTH **FINANCIAL STATEMENTS**

MARCH 31, 2006

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EAST CENTRAL HEALTH

STATEMENT OF MANAGEMENT RESPONSIBILITY

FINANCIAL STATEMENTS

MARCH 31, 2006

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded. The Authority has established a code of ethics and corporate directives, which include communication of the code to employees.

The Authority carries out its responsibility for the financial statements through the Committee of the Whole. This Committee meets with management and the external auditor, Auditor General of Alberta, to review financial matters, and recommends the financial statements to the East Central Health Board for approval. The external auditor has free access to the Committee of the Whole.

The external auditor provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and procedures which allow him to report on the fairness of the financial statements prepared by management.

[Original Signed]

Steve Petz
*President and
Chief Executive Officer*

[Original Signed]

Norm Petherbridge, CA
Chief Financial Officer

The official version of this Report of the Auditor General, and the information the Report covers, is in printed form.

Auditor's Report

To the Members of East Central Health
and the Minister of Health and Wellness

I have audited the statement of financial position of East Central Health (the Authority) as at March 31, 2006 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original Signed by Fred J. Dunn, FCA]

Auditor General

Edmonton, Alberta
May 18, 2006

EAST CENTRAL HEALTH
STATEMENT OF FINANCIAL POSITION

MARCH 31, 2006

(in thousands)

	2006	2005
	Actual	Actual
ASSETS		
Current:		
Cash and temporary investments (Note 3)	\$ 15,436	\$ 18,334
Accounts receivable	2,146	1,994
Contributions receivable from Alberta Health and Wellness	6,088	1,678
Inventories	637	576
	<u>24,307</u>	<u>22,582</u>
Non-current cash and investments (Note 3)	19,392	19,663
Capital assets (Note 4)	100,163	91,858
	<u>100,163</u>	<u>91,858</u>
TOTAL ASSETS	\$ 143,862	\$ 134,103

LIABILITIES AND NET ASSETS

Current:		
Accounts payable and accrued liabilities	\$ 17,177	\$ 11,892
Accrued vacation pay	5,838	5,281
Deferred contributions (Schedule 3)	7,053	5,237
	<u>30,068</u>	<u>22,410</u>
Deferred contributions (Schedule 3)	503	488
Deferred capital contributions (Note 5)	18,888	19,175
Unamortized external capital contributions (Note 6)	88,837	85,771
	<u>138,296</u>	<u>127,844</u>
Net assets:		
Accumulated surplus/(deficit)	(5,760)	172
Investment in capital assets from internally funded sources	11,326	6,087
Operating net assets	5,566	6,259
	<u>5,566</u>	<u>6,259</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 143,862	\$ 134,103

The accompanying notes and schedules are part of these financial statements.

EAST CENTRAL HEALTH
STATEMENT OF OPERATIONS

MARCH 31, 2006

(in thousands)

	2006	2005
	Budget	Actual
	(Note 8)	Actual
Revenue		
Alberta Health and Wellness contributions (Note 9)	\$ 182,620	\$ 184,839
Other government contributions (Note 10)	4,469	6,679
Fees and charges (Note 11)	18,693	19,586
Ancillary operations, net (Note 12)	49	50
Donations	-	178
Investment and other income (Note 13)	1,828	2,964
Amortized external capital contributions (Note 6)	4,885	4,927
	<u>4,885</u>	<u>4,927</u>
TOTAL REVENUE	212,544	219,223
Expenses (Schedule 1)		
Facility-based inpatient acute nursing services	37,669	37,998
Facility-based emergency and outpatient services	8,789	8,966
Facility-based continuing care services	38,125	39,440
Ambulance services	2,787	3,095
Community-based care	9,740	8,309
Home care	19,734	20,160
Diagnostic and therapeutic services	30,879	33,147
Promotion, prevention and protection services	6,932	6,044
Research and education	72	20
Administration (Note 14)	13,553	13,721
Information technology	2,843	2,642
Support services (Note 15)	43,337	43,228
Amortization of facilities and improvements	3,832	3,593
	<u>3,832</u>	<u>3,593</u>
TOTAL EXPENSES	218,292	220,363
Excess (deficiency) of revenue over expenses	\$ (5,748)	\$ (1,140)
	<u>\$ (5,748)</u>	<u>\$ (1,140)</u>

EAST CENTRAL HEALTH
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2006
(in thousands)

	2006			2005
	Accumulated surplus/(deficit)	Investment in capital assets from internally funded sources	Total	Total
Balance at beginning of year	\$ 172	\$ 6,087	\$ 6,259	\$ (1,769)
Excess (deficiency) of revenue over expenses	(1,140)	-	(1,140)	8,167
Capital assets purchased with internal funds	(5,572)	5,572	-	-
Land purchased		447	447	50
Amortization of internally funded capital assets	780	(780)	-	-
Refund of capital contributions from proceeds on sale of land	-	-	-	(189)
Balance at end of year	\$ (5,760)	\$ 11,326	\$ 5,566	\$ 6,259

EAST CENTRAL HEALTH
STATEMENT OF CASH FLOWS
MARCH 31, 2006
(in thousands)

	2006		2005
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenue over expenses	\$ (5,748)	\$ (1,140)	\$ 8,167
Non-cash transactions:			
Amortization of capital equipment:			
internally funded	700	744	539
externally funded	1,209	1,329	1,318
Amortization of facilities and improvements	3,265	3,593	3,602
Amortized external capital contributions (Note 6)	(4,472)	(4,886)	(4,885)
Disposals - externally funded	-	(44)	-
Gain on disposal of land	-	-	(112)
Loss (Gain) on disposal of capital equipment	-	27	(2)
Changes in non-cash working capital accounts	(336)	3,035	(1,858)
Cash generated from (used by) operations	(5,382)	2,658	6,769
Investing activities:			
Purchase of capital assets:			
internally funded	(661)	(5,572)	(1,460)
externally funded - land	-	(447)	(50)
externally funded (Note 6):			
equipment	(2,778)	(2,358)	(1,973)
facilities and improvements	(8,000)	(138)	(3,532)
work in progress	-	(5,500)	(7,421)
Proceeds on disposal of capital assets	-	17	199
Allocations to non-current cash	10,051	271	(7,606)
Cash used by investing activities	(1,388)	(13,727)	(21,843)
Financing activities:			
Increase (decrease) in non-current			
deferred contributions (Schedule 3)	(872)	15	(384)
Capital contributions received (Note 5)	1,599	8,156	20,966
Refund of capital contributions from proceeds on sale of land	-	-	(189)
Cash generated from financing activities	727	8,171	20,393
Increase (decrease) in cash and temporary investments	(6,043)	(2,898)	5,319
Cash and temporary investments, beginning of year	13,015	18,334	13,015
Cash and temporary investments, end of year	\$ 6,972	\$ 15,436	\$ 18,334

EAST CENTRAL HEALTH
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2006
(in thousands)

Note 1 Authority, Purpose and Operations

East Central Health (the Authority) was established on June 24, 1994 under the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from payment of income tax and is a registered charity under the Income Tax Act.

The Authority delivers appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs that promote, protect, maintain, restore and enhance physical and mental well-being.

The Authority's operations include the following facilities and sites:

- Bashaw Community Health Services
- Bashaw Care Centre
- Camrose Community Health Services
- Camrose Mental Health Clinic
- Daysland Health Centre
- Galahad Care Centre
- Hardisty Health Centre
- Hardisty Mental Health Clinic
- Islay Care Centre
- Killam Mental Health Clinic
- Kitscoty Community Health Services
- Lamont Community Health Centre
- Mannville Care Centre
- Myrnam Home Care
- Provost Community Health Services
- Provost Health Centre
- Provost Mental Health Clinic
- Sedgewick Community Health Services
- Tofield Community Health Services
- Tofield Health Centre
- Tofield Mental Health Clinic
- Two Hills Health Centre
- Two Hills Community Health Services
- Vegreville Care Centre
- Vegreville Community Health Services
- Vegreville Mental Health Clinic
- Vermilion Community Health Services
- Vermilion Health Centre
- Vermilion Mental Health Clinic
- Viking Community Health Services
- Viking Health Centre
- Wainwright Community Health Services
- Wainwright Health Centre
- Wainwright Mental Health Clinic
- Willingdon Home Care

The financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the region, except as disclosed in Note 16 and Schedule 4.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 26. Following are the significant accounting policies:

(a) Basis of Presentation

- (1) The financial statements do not include the assets, liabilities or operations of the foundations described in Note 16(c), which are controlled by the Authority.

The Authority participates in the Regional Shared Health Information Program ("RSHIP"), a special purpose, limited liability, not-for-profit company incorporated under the laws of Alberta. The purpose of RSHIP is to provide and manage a shared information systems infrastructure for the participating Health Authorities. The Authority accounts for its 11.8% interest in RSHIP on a proportionate consolidation basis.

- (2) These financial statements use the deferral method, the key elements of which are:

- (i) Unrestricted contributions are recognized as revenue in the year receivable.
- (ii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, or externally funded capital assets, are transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period the related amortization expense of the capital asset is recorded.
- (iii) Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.
- (iv) Endowments and restricted contributions to purchase capital assets that will not be amortized are recorded as direct increases to net assets.
- (v) Unrestricted investment income is recognized in the year earned.
- (vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.
- (vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full Cost

The Authority records the fair value of costs of services for which it is responsible. Fair value transactions comprise the following:

- (i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as the Authority's fees and charges. An equivalent amount is recorded as contracted health service expense of the Authority.

Note 2 Significant Accounting Policies and Reporting Practices (continued)**(b) Full Cost (continued)**

- (ii) Alberta Health and Wellness payments directly to contracted health service operators are recorded as revenue and an equivalent amount recorded as program expense as these payments represent part of the cost of the Authority's health programs.
- (iii) Fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or donations, and as program expense, since contract payments from the Authority do not include an amount for use of these facilities.
- (iv) Fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expense.
- (v) Other assets, supplies and services that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported because a fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs comprise the employer's contributions for its employees during the year, based on rates expected to provide benefits payable under the pension plan. The Authority does not record its portion of the plan's deficit or surplus.

The Authority has a supplementary defined benefit plan for certain management staff. The Authority's benefit obligations are based on the projected benefit method prorated on services valuation that includes employee service to date and present compensation levels as well as a projection of salaries and service to retirement. No cash payments are made to staff relating to this plan until their retirement. All actuarial gains and losses are recognized as expense in the year incurred.

The Authority fully accrues its obligations for employee non-pension future benefits.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Investments

Short-term investments are recorded at lower of cost and market value.

Non-current investments are recorded at cost unless there was an other-than-temporary impairment in value. At that time, the value is reduced. Discounts or premiums arising on purchase are amortized on a straight-line basis over the maturity period.

(e) Financial Instruments

The carrying value of accounts receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

(f) Inventories

Inventories are valued at the lower of moving average cost or net realizable value.

(g) Capital Assets

Capital assets and construction and technology projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	<u>Useful Life</u>
Land improvements	20 years
Buildings and improvements	40 years
Leasehold improvements	20 years
Furniture and equipment	5-20 years

Construction and technology projects in progress are not amortized until the project is complete.

Leases transferring substantially all benefits and risks of capital asset ownership are reported as capital asset acquisitions financed by unamortized external capital contributions.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(h) Trust Funds Received by the Authority for Non-owned Facilities

The Authority receives trust funds from Alberta Infrastructure to pay operators of non-owned facilities for capital purposes or facility repairs. These amounts are not reflected in the financial statements but disclosed in Note 17.

(i) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Actual results could differ from estimates.

Note 3 Cash and Investments

	<u>2006</u>	<u>2005</u>
Cash	\$ 23,915	\$ 19,803
Fixed income investments	7,080	13,401
Equities	3,833	4,793
Total current and non-current cash and investments	<u>\$ 34,828</u>	<u>\$ 37,997</u>

Fair value of cash and investments:

Cash	\$ 23,915	\$ 19,803
Fixed income investments	7,132	13,499
Equities	4,305	4,940
	<u>\$ 35,352</u>	<u>\$ 38,242</u>

Classified as:

Current	\$ 15,436	\$ 18,334
Non-current	19,392	19,663
Total cash and investments	<u>\$ 34,828</u>	<u>\$ 37,997</u>

- (a) To optimize returns at an acceptable risk level, management has established a policy asset mix of 5% to 20% for cash and cash equivalents, 50% to 80% for fixed-income investments, 10% to 20% for Canadian equities and 5% to 15% for foreign equities. Risk is reduced through diversification.

Note 3 Cash and Investments (continued)

(b) Fixed-income securities, such as bonds, have an average effective yield of 4.5% per annum for securities maturing between 1 and 37 years. As at March 31, 2006, the securities have the following maturity structure:

1 to 5 years	53%
6 to 10 years	16%
Over 10 years	31%

(c) Equities comprise publicly traded equities. Risk is reduced by prudent security selection and sector rotation.

(d) Non-current cash and investments represent the following:

	<u>2006</u>	<u>2005</u>
Externally restricted for capital acquisitions:		
Federal equipment grants	\$ 779	\$ 1,295
Externally restricted for major capital projects	18,110	17,880
Externally restricted for other purposes:		
Healthy Aging Partnership Initiatives (Schedule 3)	503	488
	<u>\$ 19,392</u>	<u>\$ 19,663</u>





Note 5 Deferred Capital Contributions

	2006	2005
Amounts received:		
Restricted Alberta Health and Wellness contributions	\$ 5,642	\$ 2,755
Restricted other government contributions	2,073	17,918
Donations restricted for capital purposes	995	423
	<u>8,710</u>	<u>21,096</u>
Amounts transferred to operations - Alberta Health and Wellness contributions (Note 9)	(554)	(130)
	<u>8,156</u>	<u>20,966</u>
Transferred to:		
Unrestricted net assets	(447)	(50)
Unamortized external capital contributions (Note 6)	(7,996)	(12,926)
Change during the year	(287)	7,990
Balance, beginning of year	19,175	11,185
Balance, end of year	<u>\$ 18,888</u>	<u>\$ 19,175</u>
Balance at end of the year is restricted for the following purposes:		
Equipment replacement	\$ 1,371	\$ 1,567
New construction	17,517	17,608
	<u>\$ 18,888</u>	<u>\$ 19,175</u>

Note 6 Unamortized External Capital Contributions

The balance of unamortized external capital contributions at the end of year represents the external capital contributions to be recognized as revenue in future years.

	2006	2005
Balance, beginning of year	\$ 85,771	\$ 77,730
Transfers from deferred capital contributions (Note 5)	7,996	12,926
Disposal of externally funded equipment	(44)	-
Less amounts recognized as revenue:		
Amortized external capital contributions:		
Equipment	(1,329)	(1,317)
Facilities and improvements	(3,554)	(3,567)
Ancillary operations (Note 12)	(3)	(1)
Balance, end of year	<u>\$ 88,837</u>	<u>\$ 85,771</u>

Note 7 Commitments and Contingencies**(a) Commitments**

The Authority contracts on an ongoing basis with voluntary and private health service operators to provide health services (Schedule 4). The Authority has contracted for services in the year ending March 31, 2007 similar to those provided by these operators in 2006.

In order to manage its exposure to the volatility in the electrical industry, the Board has entered into a five year contract, expiring March 31, 2010, to purchase electrical energy at a fixed price of \$54.40 per MWh. Based on 2006 consumption, the annual costs for the year ending March 31, 2007 are expected to be \$926.

The Authority is committed to the following construction and technology projects currently in progress and which will be satisfied from externally funded grants:

Louise Jensen Long Term Care Project	\$ 400
Vegreville Long Term Care Project	10,820
Vermilion Long Term Care Project	8,593
CT Scanner Project - Camrose	1,009
Medical Information Technology Inc.	<u>2,185</u>
	<u>\$ 23,007</u>

(b) Contingencies

The Authority has a contingent liability in respect of a claim concerning the methodology used to calculate pension benefit payments under the Local Authorities Pension Plan (LAPP). The claim has been filed jointly and severally against the Province of Alberta and the employers participating in LAPP. The claim specified an amount of \$1.25 billion. The outcome of the claim is not determinable, and no liability is recorded at this time.

The Authority has a contingent liability in respect of a claim concerning increased long-term care accommodation charges levied effective August 1, 2003. The claim has been filed against the Province of Alberta and the Regional Health Authorities. The total amount of the claim is in excess of \$150 million based on the amount of the increase in accommodation charges levied. The outcome of the claim is not determinable, and no liability is recorded at this time.

Note 8 Budget

	2006 Approved Budget ⁽¹⁾	Adjustments ⁽²⁾	2006 Reported Budget
Revenue			
Alberta Health and Wellness contributions	\$ 182,620	\$ -	\$ 182,620
Other government contributions	4,469	-	4,469
Fees and charges	18,693	-	18,693
Ancillary operations, net	49	-	49
Donations	-	-	-
Investment and other income	1,828	-	1,828
Amortized external capital contributions	4,885	-	4,885
TOTAL REVENUE	<u>212,544</u>	<u>-</u>	<u>212,544</u>
Expenses			
Facility-based inpatient acute nursing services	37,669	-	37,669
Facility-based emergency and outpatient services	8,789	-	8,789
Facility-based continuing care services	38,125	-	38,125
Ambulance services	1,777	1,010	2,787
Community-based care	9,740	-	9,740
Home care	19,734	-	19,734
Diagnostic and therapeutic services	30,879	-	30,879
Promotion, prevention and protection services	6,932	-	6,932
Research and education	72	-	72
Administration	13,553	-	13,553
Information technology	2,843	-	2,843
Support services	44,347	(1,010)	43,337
Amortization of facilities and improvements	3,832	-	3,832
TOTAL EXPENSES	<u>218,292</u>	<u>-</u>	<u>218,292</u>
Deficiency of revenue over expenses	<u>\$ (5,748)</u>	<u>\$ -</u>	<u>\$ (5,748)</u>

(1) The budget was approved by the Authority on May 19, 2005, and submitted to the Minister of Health and Wellness for approval.

(2) Initial allocation of payments to our associate partners were adjusted to correct errors in allocation of ambulance costs which are to be disclosed separately. These adjustments did not change the approved budgeted deficit.

Note 9 Alberta Health and Wellness Contributions

	2006	2005
Unrestricted contributions:		
Operating grants	\$ 179,602	\$ 169,549
Accumulated deficit funding	-	7,005
	<u>179,602</u>	<u>176,554</u>
Transfers from deferred contributions (Schedule 3)	4,528	3,733
Transfers from deferred capital contributions (Note 5)	554	130
AH&W payments to contract operators:		
Legacy Mortgage Assistance Program for nursing home upgrades	155	159
	<u>\$ 184,839</u>	<u>\$ 180,576</u>

Note 10 Other Government Contributions

	2006	2005
Alberta Government:		
Fair value of rent less rent charges for non-acute care facilities used by the Authority	\$ 623	\$ 713
Transfers from deferred contributions (Schedule 3)	5,228	2,340
Fair value to use non-owned acute care facilities (Schedule 4)	828	874
	<u>\$ 6,679</u>	<u>\$ 3,927</u>

Note 11 Fees and Charges

	Inpatient/Resident		Outpatient		Total	
	2006	2005	2006	2005	2006	2005
Acute Care						
Out-of-province	\$ 939	\$ 802	\$ 1,094	\$ 954	\$ 2,033	\$ 1,756
Out-of-country base amount	(2)	27	14	16	12	43
Out-of-country surcharge	(3)	34	18	20	15	54
WCB standard charges	577	310	611	558	988	868
Federal	34	70	254	188	288	258
Uninsured medical services	(3)	7	22	41	19	48
Uninsured supplies	-	-	15	13	15	13
Preferred accommodation	32	27	-	-	32	27
Continuing care standard ward	-	20	-	-	-	20
Continuing care semi-private	216	205	-	-	216	205
Continuing care private	105	76	-	-	105	76
	<u>1,695</u>	<u>1,578</u>	<u>2,028</u>	<u>1,790</u>	<u>3,723</u>	<u>3,368</u>
Continuing Care						
Continuing care standard ward	17	65	-	-	17	65
Continuing care semi-private	6,365	7,211	-	-	6,365	7,211
Continuing care private	9,294	8,794	-	-	9,294	8,794
Out-of-province	-	7	-	-	-	7
	<u>15,676</u>	<u>16,077</u>	<u>-</u>	<u>-</u>	<u>15,676</u>	<u>16,077</u>
Public Health						
	-	-	187	85	187	85
Total	<u>\$ 17,371</u>	<u>\$ 17,655</u>	<u>\$ 2,215</u>	<u>\$ 1,875</u>	<u>\$ 19,586</u>	<u>\$ 19,530</u>

Note 12 Ancillary Operations

	2006				2005	
	Non-Patient Food Services	Rental Operations	Other	Total	Total	Total
Revenue						
Revenue	\$ 602	\$ 45	\$ 40	\$ 687	\$ 713	
Amortized deferred capital contributions (Note 6)	3	-	-	3	1	
	<u>605</u>	<u>45</u>	<u>40</u>	<u>690</u>	<u>714</u>	
Expenses						
Other expenses	598	2	33	633	671	
Amortization	7	-	-	7	5	
	<u>605</u>	<u>2</u>	<u>33</u>	<u>640</u>	<u>676</u>	
Excess (deficiency) of revenue over expenses	<u>\$ -</u>	<u>\$ 43</u>	<u>\$ 7</u>	<u>\$ 50</u>	<u>\$ 38</u>	

Note 13 Investment and Other Income

	2006	2005
Investment revenue	\$ 1,067	\$ 1,362
Other revenue	1,897	2,016
	<u>\$ 2,964</u>	<u>\$ 3,378</u>

Investment income comprises interest, dividends, amortization of discount and premiums, and net gains on disposal of investments.

Other revenue comprises charges for laundry services to continuing care clients, services provided to others and various miscellaneous recoveries.

Note 14 Administration

	2006	2005
General administration	\$ 5,477	\$ 4,407
Finance	1,216	1,184
Human Resources	1,673	1,362
Administration - contract operators (Schedule 4)	5,355	5,649
	<u>\$ 13,721</u>	<u>\$ 12,602</u>

Note 15 Support Services

	2006	2005
Building maintenance, operations and security	\$ 9,389	\$ 8,651
Education	426	358
Housekeeping	2,613	2,598
Laundry and linen	1,121	1,143
Materials management	1,178	1,115
Patient food services	5,053	5,057
Patient health records	1,467	1,408
Patient registration	778	744
Support services - contract operators (Schedule 4)	21,203	20,360
	<u>\$ 43,228</u>	<u>\$ 41,434</u>

Note 16 Related Parties

(a) Province of Alberta

Entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements are related parties. The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the board members. The Authority is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry. Transactions between the Authority and its related parties are disclosed in the Statement of Operations and in the notes and schedules to the financial statements.

Note 16 Related Parties (continued)**(a) Province of Alberta (continued)**

The Authority shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between the Authority and other Health Authorities are reported in the Statement of Operations and are summarized as follows:

Balances

	Receivable from:		Payable to:	
	2006	2005	2006	2005
School Boards	\$ -	\$ -	\$ -	\$ 5
Other health authorities	100	104	28	354
	<u>\$ 100</u>	<u>\$ 104</u>	<u>\$ 28</u>	<u>\$ 359</u>

Revenue and Expenses

	Revenue		Expenses	
	2006	2005	2006	2005
Post-secondary institutions	\$ -	\$ 10	\$ 48	\$ 2
School Boards	-	16	81	47
Other health authorities	413	504	1,489	2,203
	<u>\$ 413</u>	<u>\$ 530</u>	<u>\$ 1,618</u>	<u>\$ 2,252</u>

(b) Foundations

The following controlled foundations are not consolidated in these financial statements:

(i) Viking Health Foundation

The Viking Health Foundation was established under the authorization of the Minister of Health on June 27, 1997. Representation on its Board consists of 11 members appointed by the Authority. The Viking Health Foundation was created to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of the Viking community.

Note 16 Related Parties (continued)**(b) Foundations (continued)****(i) Viking Health Foundation (continued)**

	2005	2004
Total assets	\$ 1,684	\$ 1,818
Total liabilities	(16)	(129)
Net assets	<u>\$ 1,668</u>	<u>\$ 1,689</u>
Revenue	\$ 178	\$ 181
Expenses	(199)	(248)
Deficiency of revenue over expenses	<u>\$ (21)</u>	<u>\$ (67)</u>

The resources of the foundation amounting to \$1,668 (2004 - \$1,689) have been restricted by donors for the exclusive use of the Viking community.

(ii) Tofield and Area Health Services Foundation

The Tofield and Area Health Services Foundation was established under the authorization of the Minister of Health on September 10, 2003. Representation on its Board consists of 7 members appointed by the Authority. The Tofield and Area Health Services Foundation was created to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of the Tofield community.

	2004
Total assets	\$ 32
Total liabilities	-
Net assets	<u>\$ 32</u>
Revenue	\$ 16
Expenses	-
Excess of revenue over expenses	<u>\$ 16</u>

The resources of the foundation amounting to \$32 have been restricted by donors for the exclusive use of the Tofield community.

Note 16 Related Parties (continued)

(b) Foundations (continued)

	Contributions received by the Authority		Resources held by the Foundation	
	Year ended March 31,		at March 31, 2005	
	2006	2005	Externally Restricted	Unrestricted
Viking Health Foundation	\$ 4	\$ 7	\$ -	\$ 1,668
Tofield and Area Health Services Foundation	-	-	-	32
	<u>\$ 4</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 1,700</u>

(c) Other Foundations

The Authority has economic interest in the Daysland General Hospital Foundation and the Wainwright & District Community Health Foundation.

The Authority is permitted to appoint one representative to the Board of Directors of each foundation. These foundations were established to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of each community.

(d) Voluntary and Private Health Service Operators

The Authority has an economic interest through its contracts with voluntary and private health service providers in the region. Details are presented in Schedule 4.

Note 17 Trust Funds

The Authority receives funds in trust from Alberta Health and Wellness and Alberta Infrastructure for non-owned facilities for capital purposes and facility repairs. In addition, the Authority is providing fiscal management of funds received in trust from Alberta Health and Wellness for the Building Health System Leadership Capacity project, the Alzheimer's Dementia project and the Primary Care Network - Camrose. These amounts are not included in the statements.

Note 18 Pension Costs

The Authority participates in the Local Authorities Pension Plan which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Authority's annual contributions payable. At December 31, 2005, the Local Authorities Pension Plan reported a deficiency of \$863,558 (2004 - deficiency of \$1,288,924).

Note 18 Pension Costs (continued)

During the current year the Authority introduced a supplementary defined benefit plan for certain management staff. There are no cash payments made to staff relating to this plan until their retirement. The plan's assets will be held in a trust pursuant to a Retirement Compensation Arrangement (as defined by the Income Tax Act). The plan will be fully funded. Actuarial valuations are completed annually. The obligation and pension expense can vary with changes in actuarial assumptions used to estimate the obligation. The actuarial valuation assumed a discount rate of 5.4% per annum. Accrued benefit liability of \$26 on the supplementary defined benefit plan is equal to the accrued benefit obligation and included in benefits payable under current liabilities. The unrecognized initial obligation of \$835 is being amortized over six years.

	2006	2005
Pension plan expense comprises the following:		
Local Authorities Pension Plan	\$ 4,124	\$ 3,557
Supplementary defined benefit plan	26	-
	<u>\$ 4,150</u>	<u>\$ 3,557</u>

Note 19 Subsequent Event

Alberta Infrastructure and Transportation is in the process of transferring at nominal cost to the Authority the Corporate Office, St Mary's Hospital, Rosehaven Care Centre, Killam General Hospital, Mary Immaculate Hospital and St Joseph's General Hospital. The impact to the Authority is to increase capital assets by \$434 and to increase unamortized external capital contributions by \$434.

Note 20 Province Wide Services

Alberta Health and Wellness contributions include funding for Province-wide services, which are a range of complex and high cost medical services available to Albertans. Funding and cost information included in revenue and expenses are as follows:

	2006			
	Funding	Costs	Variance	
			\$	%
Inpatient and outreach services	\$ 10,381	\$ 10,382	\$ (1)	(0.0)
Unallocated funding	150	-	150	100.0
	10,531	10,382	149	1.4
Amortized external capital contributions	2	-	2	100.0
Total	\$ 10,533	\$ 10,382	\$ 151	1.4

	2005			
	Funding	Costs	Variance	
			\$	%
Inpatient and outreach services	\$ 9,763	\$ 9,793	\$ (30)	(0.3)
Unallocated funding	60	-	60	100.0
	9,823	9,793	30	0.3
Amortized external capital contributions	28	-	28	100.0
Total	\$ 9,851	\$ 9,793	\$ 58	0.6

- (a) Total funding includes amortization of related external capital contributions. Amortized external capital contributions represent the revenue associated with the amortization expense of externally funded capital assets.
- (b) Inpatient and outreach services include direct costs, allocation of overhead and internally funded and externally funded amortization of equipment.
- (c) Inpatient and outreach services consist of specialized nursing, therapeutic and psychiatric services for geriatric patients.

Note 21 Accumulated Deficit

Current year operations resulted in an accumulated deficit of \$5,760 at March 31, 2006. Per Alberta Regulation 15/95 of the Regional Health Authorities Act, the Authority will provide the Minister with a plan, in writing, that is satisfactory to the minister, to eliminate the accumulated deficit within 3 years of it being incurred.

Note 22 Comparative Figures

Certain 2005 figures have been reclassified to conform to the 2006 presentation.

Note 23 Approval of Financial Statements

These financial statements have been approved by the Authority.

EAST CENTRAL HEALTH**SCHEDULE OF EXPENSES BY OBJECT****MARCH 31, 2006**
(in thousands)

	Budget	2006	2005
Salaries and benefits (Schedule 2)	\$ 84,636	\$ 80,810	\$ 78,638
Contracts with health service providers (Schedule 4)	101,430	102,298	91,904
Drugs and gases	1,472	1,591	1,641
Medical and surgical supplies	1,198	1,393	1,299
Other contracted services	6,468	5,835	4,845
Other ⁽¹⁾	18,067	23,410	21,281
Amortization:			
Capital equipment - internally funded	535	744	537
Capital equipment - externally funded	1,319	1,329	1,315
Facilities and improvements	3,832	3,593	3,602
	<u>218,957</u>	<u>221,003</u>	<u>205,062</u>
	(665)	(640)	(676)
	<u>\$ 218,292</u>	<u>\$ 220,363</u>	<u>\$ 204,386</u>
Less amounts reported in ancillary operations (Note 12)			

⁽¹⁾ Other:

Utilities	\$ 2,961	\$ 2,805	\$ 3,044
Buildings and ground maintenance	3,030	3,458	2,675
Staff travel costs	1,585	2,038	1,714
Food supplies	1,663	1,712	1,712
Patient transportation	1,854	1,712	1,546
Minor equipment	1,121	1,121	939
Insurance	505	505	512
Other	5,348	10,059	9,139
Total	<u>\$ 18,067</u>	<u>\$ 23,410</u>	<u>\$ 21,281</u>

EAST CENTRAL HEALTH
SCHEDULE OF SALARIES AND BENEFITS

MARCH 31, 2006

(in thousands)

	2006						2005					
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Sub-total	Severance (4)		Total	Number of Individuals (1)	Salaries, Honoraria, Benefits (2,3)	Severance (4)	Total	
					Number of Individuals	Amount						
Board Compensation												
Chair - E. Andersen	1	\$ 30	\$ -	\$ 30	-	\$ -	\$ 30	1	\$ 29	\$ -	\$ 29	
M. Arnold	1	12	-	12	-	-	12	1	9	-	9	
R. Crooker	1	14	-	14	-	-	14	1	9	-	9	
P. Gulak	1	8	-	8	-	-	8	1	8	-	8	
L. Heinemann	1	1	-	1	-	-	1	-	-	-	-	
J. Hunter	1	10	-	10	-	-	10	1	7	-	7	
R. Israelson	1	13	-	13	-	-	13	1	8	-	8	
L. Johnson	1	10	-	10	-	-	10	1	6	-	6	
C. Mastel	1	5	-	5	-	-	5	1	6	-	6	
O. Olineck	1	14	-	14	-	-	14	1	8	-	8	
J. Rudkowsky	1	2	-	2	-	-	2	1	-	-	-	
M. Schreiber	1	11	-	11	-	-	11	1	8	-	8	
M. Zeniuk	1	3	-	3	-	-	3	1	4	-	4	
Total Honoraria	13	133	-	133	-	-	133	12	102	-	102	

EAST CENTRAL HEALTH
SCHEDULE OF SALARIES AND BENEFITS
MARCH 31, 2006
(thousands of dollars)

	2006							2005			
	Number of FTE's ⁽¹⁾	Salaries and Honoraria ⁽²⁾	Benefits and Allowances ⁽³⁾	Sub-total	Severance ⁽⁴⁾		Total	Number of FTE's ⁽¹⁾	Salaries, Honoraria, Benefits ^(2,3)	Severance ⁽⁴⁾	Total
					Number of Individuals	Amount					
Staff											
Chief Executive Officer ⁽⁵⁾	1.0	275	42	317	-	-	317	1.0	259	-	259
Management persons reporting to the CEO:		-	-								
Vice President - Medical Services	1.0	217	30	247	-	-	247	1.0	230	-	230
Vice President - Operations	1.0	154	23	177	-	-	177	1.0	156	-	156
Chief Financial Officer	0.9	132	22	154	-	-	154	1.0	154	-	154
Vice President - Development	-	-	-	-	-	-	-	0.3	37	40	77
Chief Corporate Services Officer	1.0	136	22	158	-	-	158	1.0	149	-	149
Director - Communications	1.0	93	17	110	-	-	110	1.0	99	-	99
Other management persons reporting directly to those above	10.6	1,108	190	1,298	-	-	1,298	8.9	1,042	-	1,042
Other management	67.6	5,301	1,013	6,314	2	53	6,367	66.3	6,028	-	6,028
Regulated nurses not included above											
RN's, Reg. Psych. Nurses, Grad nurses	271.6	20,237	3,995	24,232	1	30	24,262	289.8	23,817	-	23,817
LPN's	118.9	4,893	1,001	5,894	-	-	5,894	118.1	5,814	-	5,814
Other health technical and professionals	176.2	10,764	2,102	12,866	1	22	12,888	170.8	11,853	7	11,860
Unregulated health service providers	344.7	9,172	1,786	10,958	1	5	10,963	377.6	11,104	2	11,106
Other staff	427.9	14,564	3,276	17,840	1	2	17,842	436.6	17,721	24	17,745
Subtotal - Staff	<u>1,423.6</u>	<u>67,046</u>	<u>13,519</u>	<u>80,565</u>	<u>6</u>	<u>112</u>	<u>80,677</u>	<u>1,474.4</u>	<u>78,463</u>	<u>73</u>	<u>78,536</u>
Grand Total		<u>\$ 67,179</u>	<u>\$ 13,519</u>	<u>\$ 80,698</u>		<u>\$ 112</u>	<u>\$ 80,810</u>		<u>\$ 78,565</u>	<u>\$ 73</u>	<u>\$ 78,638</u>

EAST CENTRAL HEALTH
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2006

- (1) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. The actual discrete number of individuals employed: 2,067 (2005 - 2,105).
- (2) Salaries include regular base pay, overtime, lump sum payments, shift differential, honoraria, sick leave, short-term disability, earned vacation leave and other remuneration.
- (3) Benefits and allowances included the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, registered retirement savings plan, health care, dental coverage, vision coverage, out of country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, Canada Pension Plan, employment insurance and workers compensation.

Included in benefits and allowances are increases in pension accruals. No cash payment has been made to any named staff during the year. These adjustments relate to accrued supplementary pension benefit obligation and consists of the following:

	2006			
	Current Service Costs	Prior Service Costs	Interest Costs	Total
Chief Executive Officer	\$ 4	\$ 5	\$ 3	\$ 12
Vice President - Medical Services	3	4	2	9
Vice President - Operations	1	1	-	2
Chief Financial Officer	1	1	-	2
Chief Corporate Services Officer	-	1	-	1
	\$ 9	\$ 12	\$ 5	\$ 26

- (4) Severance includes amounts paid directly or indirectly to individuals upon termination, which are not included in salaries, honoraria, benefits and allowances.
- (5) The Chief Executive Officer is provided with an automobile. No dollar amount is included under benefits and allowances.

EAST CENTRAL HEALTH
SCHEDULE OF DEFERRED CONTRIBUTIONS
MARCH 31, 2006
(in thousands)

	Opening Balance April 1, 2005	Amounts received and receivable			Amounts recognized as revenue		Closing Balance March 31, 2006
		Alberta Health and Wellness	Other government contributions	Investments and other	Alberta Health and Wellness	Other government contributions	
Alberta Health and Wellness							
Rural on call program	\$ 254	\$ 1,518	\$ -	\$ -	\$ 1,511	\$ -	\$ 261
Specialists on call program	763	1,733	-	-	2,092	-	404
Primary Care Initiatives	183	50	-	-	187	-	46
Ambulance Transition	40	-	-	-	-	-	40
Telehealth operating grant	-	180	-	-	80	-	100
Alzheimer & dementia front-line training	-	11	-	-	11	-	-
Vaccine administrative costs	200	26	-	-	171	-	55
Surveillance of Immunization Coverage	-	250	-	-	-	-	250
Children's health initiative	215	67	-	-	53	-	229
Safe Lift Grant	-	533	-	-	-	-	533
Stroke Strategy	-	612	-	-	-	-	612
Mental Health Grants	-	1,053	-	-	-	-	1,053
Early childhood development	248	223	-	-	357	-	114
Privacy and security	146	264	-	-	66	-	344
Various projects <\$10,000 each	-	8	-	-	-	-	8
Sub-total	2,049	6,528	-	-	4,528	-	4,049
Other Government contributors							
Alberta Ministry of Infrastructure and Transportation:							
Infrastructure Improvement	1,862	-	1,719	-	-	2,003	1,578
Health Sustainability	1,308	-	898	-	-	820	1,386
CT Scan Project	-	-	1,500	-	-	1,500	-
Alberta Department of Seniors and Community Supports:							
Healthy aging partnership initiatives (HAPI) ⁽¹⁾	488	532	-	15	-	532	503
East Central Alberta Child and Family Services Authority:							
Fetal Alcohol Syndrome Drug Program	-	-	44	-	-	30	14
Alberta Cancer Board:							
Cervical cancer screening program	4	-	53	-	-	45	12
Community cancer clinic - Lloydminster	-	-	142	-	-	142	-
Government of Canada - Quality of Worklife	-	-	142	-	-	142	-
Various projects <\$10,000 each	14	-	14	-	-	14	14
Sub-total	3,676	532	4,512	15	-	5,228	3,507
Grand Total	\$ 5,725	\$ 7,060	\$ 4,512	\$ 15	\$ 4,528	\$ 5,228	\$ 7,556
Classified as follows:							
Current	\$ 5,237						\$ 7,053
Non-current - see ⁽¹⁾ above	488						503
Total	\$ 5,725						\$ 7,556

EAST CENTRAL HEALTH
SCHEDULE OF VOLUNTARY AND PRIVATE HEALTH SERVICE PROVIDERS
MARCH 31, 2006
(in thousands)

	Direct Region Funding	Direct Alberta Health and Wellness Funding	Approved Patient Fees and Charges	Full Cost Adjustments	Total Revenue	Facility- based inpatient acute nursing services	Facility- based emergency and outpatient services	Facility- based continuing care services	Ambulance services	Community-based care	Home care	Diagnostic and therapeutic services	Promotion, prevention and protection services	Administration	Information technology	Support services	Total Expenditures
Voluntary																	
St Mary's Hospital, Camrose	\$ 20,771	\$ -	\$ 629	\$ -	\$ 21,400	\$ 9,577	\$ 2,313	\$ -	\$ 376	\$ -	\$ -	\$ 3,626	\$ -	\$ 900	\$ 106	\$ 4,502	\$ 21,400
The Bethany Group, Camrose	17,696	-	3,490	-	21,186	-	-	11,962	49	-	2,047	1,553	-	1,287	31	4,257	21,186
Prairie North Health Region (Lloydminster)	18,514	-	1,790	310	20,614	4,325	1,382	3,385	-	1,040	370	3,995	312	1,268	90	4,447	20,614
Killam General Hospital Corporation	4,198	-	797	-	4,995	1,038	164	1,444	108	20	29	671	-	380	22	1,119	4,995
Lamont Health Centre	8,910	-	1,713	518	11,141	1,669	1,388	3,319	170	-	-	1,374	-	522	-	2,699	11,141
Mary Immaculate Health Centre - Mundare	1,726	-	446	-	2,172	-	1	1,126	10	-	-	232	-	166	-	637	2,172
St Joseph's Hospital - Vegreville	8,830	-	161	-	8,991	2,493	1,073	-	578	-	-	2,338	-	383	24	2,102	8,991
Private																	
Laboratory Contracts	2,684	-	-	-	2,684	-	-	-	-	-	-	2,684	-	-	-	-	2,684
Extendicare (Canada) Inc.	2,715	155	950	-	3,820	-	-	1,681	7	-	-	243	-	449	-	1,440	3,820
Home Care Contracts:																	
Self Managed Care	863	-	-	-	863	-	-	-	-	-	863	-	-	-	-	-	863
Designated Supportive Housing	2,084	-	-	-	2,084	-	-	-	-	-	2,084	-	-	-	-	-	2,084
Others	934	-	-	-	934	-	-	-	-	-	934	-	-	-	-	-	934
Therapeutic Services Contracts:																	
Physiotherapy	548	-	-	-	548	-	-	-	-	-	-	548	-	-	-	-	548
Others	267	-	-	-	267	-	-	-	-	-	-	267	-	-	-	-	267
Community Mental Health Service Contractors	486	-	-	-	486	-	-	-	-	486	-	-	-	-	-	-	486
Lloydminster Public School District	26	-	-	-	26	-	-	-	-	-	-	26	-	-	-	-	26
Lloydminster Catholic School Division	7	-	-	-	7	-	-	-	-	-	-	7	-	-	-	-	7
Lloydminster Early Intervention Program	75	-	-	-	75	-	-	-	-	-	75	-	-	-	-	-	75
City of Lloydminster	5	-	-	-	5	-	-	-	-	-	-	-	5	-	-	-	5
Total 2006	\$ 91,339	\$ 155	\$ 9,976	\$ 828	\$ 102,298	\$ 19,102	\$ 6,321	\$ 22,917	\$ 1,298	\$ 1,546	\$ 6,402	\$ 17,564	\$ 317	\$ 5,355	\$ 273	\$ 21,203	\$ 102,298
Total 2005	\$ 80,852	\$ 159	\$ 10,019	\$ 874	\$ 91,904	\$ 17,276	\$ 6,315	\$ 20,926	\$ 1,160	\$ 1,120	\$ 4,073	\$ 14,535	\$ 302	\$ 5,649	\$ 188	\$ 20,360	\$ 91,904

