

Financial Statements of
PEACE COUNTRY HEALTH
March 31, 2005

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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 Peace Country Health
and the Minister of Health and Wellness

I have audited the statement of financial position of Peace Country Health (the Authority) as at March 31, 2005 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, 2005 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 27, 2005

**PEACE COUNTRY HEALTH
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
FINANCIAL STATEMENTS
MARCH 31, 2005**

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 that are 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 and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Audit Committee. This Committee meets with management and the external auditor, the Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Peace Country Health Board for approval. The Auditor General of Alberta has full and free access to the Audit Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. He has assured us that his examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow him to report on the fairness of the financial statements prepared by management.

[Original Signed]

Dalton M. Russell
President and
Chief Executive Officer

[Original Signed]

Shawn Terlson
Chief Financial and
Information Officer



PEACE COUNTRY HEALTH
Statement of Financial Position
 March 31, 2005
 (thousands of dollars)

	2005	2004
ASSETS		
CURRENT ASSETS		
Cash and temporary investments (Note 3)	\$ 20,620	\$ 4,955
Accounts receivable	4,569	4,886
Contributions receivable from Alberta Health and Wellness	8,159	5,861
Inventories	1,082	963
Prepaid expenses	1,525	927
	35,955	17,592
NON-CURRENT CASH AND INVESTMENTS (Note 3)	5,347	6,076
NON-CURRENT RECEIVABLES (Note 4)	4,768	1,734
CAPITAL ASSETS (Note 5)	183,780	189,268
	\$ 229,850	\$ 214,670
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 18,325	\$ 18,886
Accrued vacation pay	8,654	7,952
Deferred contributions (Schedule 3)	7,650	1,606
Current portion of obligations under capital leases (Note 7)	34	-
	34,663	28,444
DEFERRED CAPITAL CONTRIBUTIONS (Note 6)	9,696	6,743
OBLIGATIONS UNDER CAPITAL LEASES (Note 7)	102	-
UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTIONS (Note 8)	174,480	178,135
	218,941	213,322
NET ASSETS		
Accumulated operating surplus (deficit)	1,745	(9,785)
Investment in capital assets from internally funded sources	9,164	11,133
	10,909	1,348
	\$ 229,850	\$ 214,670

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

PEACE COUNTRY HEALTH
Statement of Operations
 Year ended March 31, 2005
 (thousands of dollars)

	2005		2004
	Budget	Actual	Actual
	(Note 10)		
REVENUES			
Alberta Health and Wellness contributions (Note 11)	\$ 184,363	\$ 183,840	\$ 156,670
Other government contributions (Note 12)	768	1,352	818
Fees and charges (Note 13)	16,235	16,309	13,366
Ancillary operations - net (Note 14)	992	998	878
Donations	243	380	540
Investment and other income (Note 15)	4,308	5,875	5,519
Amortization of external capital contributions (Note 8)	8,418	9,910	8,418
	215,327	218,664	186,209
EXPENSES (Schedule 1)			
Facility-based inpatient acute nursing care services	46,166	46,832	41,659
Facility-based emergency and outpatient services	15,682	15,502	15,112
Facility-based continuing care services	19,506	18,895	18,739
Ambulance Services	3,037	3,818	3,151
Community based services	6,012	5,737	5,376
Home care	11,527	11,395	10,377
Diagnostic and therapeutic services	36,142	37,291	33,793
Promotion, prevention and protection services	9,784	9,382	8,312
Research and education	-	45	33
Administration (Note 16)	9,613	10,716	10,438
Information technology	3,755	3,595	4,111
Support services (Note 17)	39,412	38,949	37,757
Amortization of facilities and improvements	6,291	6,946	6,308
	206,927	209,103	195,166
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 8,400	\$ 9,561	\$ (8,957)

PEACE COUNTRY HEALTH
Statement of Changes in Net Assets
Year ended March 31, 2005
(thousands of dollars)

	2005			2004	
	Accumulated Operating Deficit	Investment in Capital Assets	Total	Total	
Excess (deficiency) of revenues over expenses	\$ 9,561	\$ -	\$ 9,561	\$	(8,957)
Capital assets purchased with internal funds	(743)	743	-		-
Amortization of internally funded capital assets	1,374	(1,374)	-		-
Repayment of obligation under capital lease	(32)	32	-		-
Reclassification of prior year capital asset additions (Note 22)	1,370	(1,370)	-		-
Net change	11,530	(1,969)	9,561		(8,957)
Balance, beginning of year	(9,785)	11,133	1,348		10,305
Balance, end of year	\$ 1,745	\$ 9,164	\$ 10,909	\$	1,348

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PEACE COUNTRY HEALTH
Statement of Cash Flows
Year ended March 31, 2005
(thousands of dollars)

	2005		2004	
	Budget	Actual	Actual	
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES				
OPERATING ACTIVITIES				
Excess (deficiency) of revenues over expenses	\$ 8,400	\$ 9,561	\$	(8,957)
Items not affecting cash:				
Amortization of internally funded equipment	1,128	1,212		1,138
Amortization of externally funded equipment	2,599	3,074		2,576
Amortization of internally funded facilities and improvements	472	162		472
Amortization of externally funded facilities and improvements	5,819	6,784		5,819
Amortization of external capital contributions	(8,418)	(9,910)		(8,418)
(Gain) loss on disposal of capital investments	-	(150)		13
Change in non-cash working capital accounts	752	3,487		2,726
Cash generated from (used by) operations	10,752	14,220		(4,631)
INVESTING ACTIVITIES				
Purchase of capital assets:				
Internally funded equipment	-	(593)		(124)
Externally funded equipment	(3,257)	(2,913)		(1,618)
Internally funded facilities and improvements	-	(150)		(1,376)
Externally funded facilities and improvements	(7,120)	(1,972)		(6,082)
Proceeds on sale of capital assets	-	202		39
Change in non-current cash	4,076	729		(13)
Cash used by investing activities	(6,301)	(4,697)		(9,174)
FINANCING ACTIVITIES				
Capital contributions received (Note 6)	5,634	9,501		7,693
Change in non-current receivables	1,470	(3,034)		(694)
Capital contributions transferred from deferred revenue (Note 6)	-	97		4
Capital contributions transferred (to) from operations (Note 6)	-	(390)		56
Principal payment of capital lease obligation	-	(32)		-
Cash generated from financing activities	7,104	6,142		7,059
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	11,555	15,665		(6,746)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	4,955	4,955		11,701
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	\$ 16,510	\$ 20,620		\$ 4,955

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PEACE COUNTRY HEALTH
Notes to the Financial Statements
Year ended March 31, 2005

1. AUTHORITY, PURPOSE AND OPERATION

Peace Country Health ("the Authority"), formerly Mistahia Regional Health Authority, was established on June 24, 1994, under the authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta, 2000. The Authority is a registered charity and is exempt from payment of income tax under Section 149 of the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible, and affordable health services in the region. This responsibility includes operating programs designed to promote, protect, maintain, restore, and enhance physical and mental well-being.

The operations of the Authority include the following facilities and sites:

- Beaverlodge Municipal Hospital
- Central Peace Health Complex, Spirit River
- Fairview Health Complex
- Grande Cache General Hospital
- Grimshaw/Berwyn Continuing Care Centre
- Fox Creek Healthcare Centre
- High Prairie Health Complex
- Hythe Continuing Care Centre
- Mackenzie Place Long Term Care Centre, Grande Prairie
- Manning Community Health Centre
- Peace River Community Health Centre
- Queen Elizabeth II Hospital, Grande Prairie
- Sacred Heart Community Health Centre, McLennan
- Valleyview Health Centre
- Worsley Health Centre
- Health Unit Offices in Beaverlodge, Fairview, Fox Creek, Gift Lake, Grande Cache, Grande Prairie, High Prairie, Kinuso, Manning, McLennan, Peace River, Spirit River and Valleyview.

The Authority has a 14.2% partnership in RSHIP Co. which was established April 1, 2004. This partnership is in combination with six other regional health authorities of Alberta. RSHIP Co. is responsible for developing and implementing a shared information technology and data processing centre in which the health regions will be able to access medical information for patients province wide.

These financial statements do not include the assets, liabilities, and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Schedule 4.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) and the reporting requirements of Financial Directive 24 issued by Alberta Health and Wellness. The significant accounting policies used in the preparation of these financial statements, including the accounting recommendations of Alberta Health and Wellness, are summarized below. These accounting policies conform, in all material respects, to GAAP.

(a) Basis of Presentation

The financial statements are prepared using the proportionate consolidation method, which include all facilities, and sites that the Authority operates, including its proportionate share of RSHIP Co. Foundations are not consolidated.

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PEACE COUNTRY HEALTH
Notes to the Financial Statements
Year ended March 31, 2005

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(b) Revenue Recognition

These financial statements use the deferral method, the key elements of which are:

- (i) Unrestricted operating grants and other contributions are recognized as revenue in the year when receivable.
- (ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.
- (iii) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.
- (iv) Restricted contributions for the purchase of capital assets that will not be amortized are recorded as direct increases to net assets.
- (v) Unrestricted investment income is recognized in the year it is 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 is 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.

(c) Full Cost

The Authority accounts for all costs and revenues related to services for which it is responsible.

The fair value of costs of service is recorded. Such fair value transactions recorded include the following:

- Revenues earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.
- Payments made by Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenues and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.
- The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or from donations and as program expense, since contract payments from the Authority do not include an amount for the use of these facilities.
- The 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 expenses.

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2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(c) *Full Cost (continued)*

➤ Other assets, supplies, and service contributions 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. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenues and expenses in these financial statements because fair value cannot be reasonably determined.

(d) *Employee Future Benefits*

The Authority participates in the Local Authorities Pension Plan. The pension plan is a multi-employer defined benefit pension plan that provides a pension for the Authority's 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 included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Authority's portion of the pension plan's deficit or surplus is not recorded by the Authority.

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

(e) *Investments*

Temporary investments are recorded at cost, which approximates market value.

Non-current investments are recorded at cost unless there has been an other than temporary impairment in value. At that time, the value is reduced. Any discounts or premiums arising on purchase are amortized over the period to maturity. Gains or losses realized on disposal are recognized in the period of disposal.

(f) *Inventories*

Inventories are recorded at the lower of cost, as defined by moving average, and net realizable value.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(g) *Capital Assets*

Capital assets and capital projects in progress are recorded at cost. Capital assets costing less than \$5,000 are expensed.

Capital assets are amortized on a straight-line basis over the estimated useful life of the assets as follows:

Land improvements	10 - 25 years
Buildings	20 - 40 years
Major equipment	5 - 15 years

Capital projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by long-term obligations.

Capital assets are tested for recoverability whenever events or circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

(h) *Restructuring Costs*

Restructuring costs are charged to expenses in the period the decision to restructure is made. If the actual costs are not known at the time the decision is made, then an estimate of the amounts is recorded.

(i) *Measurement Uncertainty*

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Key areas of estimation where management has made subjective judgments, often as a result of matters that are inherently uncertain, include those related to allowance for uncollectible accounts receivable, unsettled labour contracts and accrued liabilities. Amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates.



PEACE COUNTRY HEALTH
Notes to the Financial Statements
Year ended March 31, 2005

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(i) Fair Value of Financial Instruments

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment, and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The carrying amounts of cash and temporary investments, accounts receivable, contributions receivable, accounts payable and accruals, accrued vacation pay, and deferred contributions on the statement of financial position approximate fair value because of the short-term maturity of these instruments.

The carrying value of long-term debt approximates its fair value because the interest rates approximate market values.

3. CASH AND INVESTMENTS

	2005	2004
	(thousands of dollars)	
Cash	\$ 25,967	\$ 4,568
Temporary investments	-	6,463
Total current and non-current cash and investments	\$ 25,967	\$ 11,031
Classified as:		
Current	\$ 20,620	\$ 4,955
Non-current	5,347	6,076
Total cash and investments	\$ 25,967	\$ 11,031

Current cash and temporary investments represent amounts held for working capital purposes. Non-current cash and investments represent amounts externally restricted for capital acquisitions.

PEACE COUNTRY HEALTH
Notes to the Financial Statements
Year ended March 31, 2005

4. NON-CURRENT RECEIVABLES

	2005	2004
	(thousands of dollars)	
Alberta Infrastructure	\$ 4,189	\$ -
Non-current portion of receivables from physicians and staff	419	1,067
Foundations	112	308
Other Regional Health Authorities	48	191
Alberta Health and Wellness	-	168
	\$ 4,768	\$ 1,734

The amounts due from Alberta Infrastructure and Foundations are for capital acquisitions.

The amount due from physicians and staff is the non-current portion of non-interest bearing loans granted to Authority staff or certain physicians to establish medical practices. The current portion of \$739,342 (2004 - \$612,059) is reported in accounts receivable.



PEACE COUNTRY HEALTH
Notes to the Financial Statements
Year ended March 31, 2005

5. CAPITAL ASSETS

	Cost				
	Opening Balance April 1, 2004	Transfers from Work in progress	Additions	Disposals	Closing Balance March 31, 2005
	(thousands of dollars)				
Land	\$ 2,038	\$ -	\$ -	\$ -	\$ 2,038
Land improvements	8,489	104	126	-	8,719
Buildings	250,539	2,911	697	-	254,147
Major equipment	65,694	168	2,162	951	67,073
Work in progress	4,066	(3,183)	2,811	-	3,694
	\$ 330,826	\$ -	\$ 5,796	\$ 951	\$ 335,671

	Accumulated Amortization			
	Opening Balance April 1, 2004	Current Year Amortization	Amortization on Disposals	Closing Balance March 31, 2005
	(thousands of dollars)			
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	7,488	142	-	7,630
Buildings	87,161	6,804	-	93,965
Major equipment	46,909	4,286	899	50,296
Work in progress	-	-	-	-
	\$ 141,558	\$ 11,232	\$ 899	\$ 151,891

	Net Book Value	
	2005	2004
	(thousands of dollars)	
Land	\$ 2,038	\$ 2,038
Land improvements	1,089	1,001
Buildings	160,182	163,378
Major equipment	16,777	18,785
Work in progress	3,694	4,066
	\$ 183,780	\$ 189,268

PEACE COUNTRY HEALTH
Notes to the Financial Statements
Year ended March 31, 2005

5. CAPITAL ASSETS (continued)

Capital assets have been funded from the following sources:

	2005	2004
	(thousands of dollars)	
Externally funded (unamortized external capital contributions) (Note 8)	\$ 174,480	\$ 178,135
Internally funded (investment in capital assets)	9,164	11,133
Funded by capital leases	136	-
	\$ 183,780	\$ 189,268

During the year, the Authority purchased capital assets with a cost of \$167,997 through capital leases. As these were non-cash transactions, they have not been reflected in the statement of cash flows.

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions balance represents amounts accounted for in accordance with accounting policy described in Note 2(b)-

	2005	2004
	(thousands of dollars)	
Amounts received:		
Restricted Alberta Infrastructure contributions	\$ 7,002	\$ 3,995
Restricted Alberta Health and Wellness contributions	1,957	2,213
Donations restricted for capital purposes	530	1,457
Other sources	12	27
Interest	-	1
	9,501	7,693
Transferred (to) from:		
Unamortized external capital contributions (Note 8)	(4,885)	(7,700)
Unamortized external capital contributions (Note 22)	(1,370)	-
Statement of operations - investment and other income (Note 15)	-	56
Statement of operations - government contributions (Note 12)	(390)	-
Deferred contributions (Schedule 3)	97	4
	(6,548)	(7,640)
Change during the year	2,953	53
Balance, beginning of year	6,743	6,690
Balance, end of year	\$ 9,696	\$ 6,743
Balance at end of year is restricted for the following purposes:		
Capital upgrades	\$ 8,527	\$ 5,584
Equipment acquisition	1,169	1,159
	\$ 9,696	\$ 6,743

PEACE COUNTRY HEALTH
Notes to the Financial Statements
Year ended March 31, 2005

7. OBLIGATIONS UNDER CAPITAL LEASES

	2005	2004
	(thousands of dollars)	
Obligations under capital leases	\$ 136	\$ -
Less: current portion	34	
Non-current portion	\$ 102	\$ -

Future payments for the year ended March 31:

2006	\$40
2007	40
2008	40
2009	40
Subtotal	160
Less interest	(24)
Total payments	136

Capital leases expire on various dates to 2010. The implicit interest payable on these leases is 6.96%.

8. UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTIONS

Unamortized external capital contributions reflect transactions accounted in accordance with the accounting policy described in Note 2(b). The balance at year-end represents the external capital contribution that will be recognized as revenue in future years.

	2005	2004
	(thousands of dollars)	
Balance, beginning of year	\$ 178,135	\$ 178,853
Add amounts transferred from deferred capital contributions (Note 6)	4,885	7,700
Reclassification of prior year capital additions (Note 22)	1,370	-
	184,390	186,553
Less amounts recognized as revenue:		
Amortization of external capital contributions	(9,910)	(8,418)
Balance, end of year	\$ 174,480	\$ 178,135

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PEACE COUNTRY HEALTH
Notes to the Financial Statements
Year ended March 31, 2005

9. COMMITMENTS

Contracts

The Authority is committed to several contracts and is required to make the following minimum payments over the next five years:

	Equipment Maintenance Contracts	Healthcare Service Contracts	Operating Leases	Total
	(thousands of dollars)			
2006	\$ 1,384	\$ 1,191	\$ 606	\$ 3,181
2007	841	260	538	1,639
2008	649	88	456	1,193
2009	380	9	156	545
2010	9	-	2	11

In addition to the above, the Authority has entered into an agreement for the purchase of electricity at a rate of 6.74 cents per kilowatt-hour. The agreement expires December 31, 2008.

Capital Projects

The Authority has committed to completing four major capital projects over the next few years. The total future commitment is estimated at \$5,635,000 and is summarized below:

	Total Approved Amounts	Costs Incurred to Date	Estimated Future Costs
	(thousands of dollars)		
Grimshaw/Berwyn renovations to convert to Continuing Care	\$ 4,730	\$ 331	\$ 4,399
Grande Cache renovations to convert to Continuing Care	625	105	520
QEII Hospital program study	430	17	413
High Prairie Health Complex program study	335	32	303
	\$ 6,120	\$ 485	\$ 5,635

Included in deferred capital contributions is \$5,635,000 related to these capital projects.

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PEACE COUNTRY HEALTH
Notes to the Financial Statements
Year ended March 31, 2005

10. BUDGET

	Approved Budget ⁽¹⁾	Additional Approved Budget ⁽²⁾	Budget Reallocation ⁽³⁾	Reported Budget
	(thousands of dollars)			
Revenues:				
Alberta Health and Wellness contributions	\$ 182,243	\$ 2,120	\$ -	\$ 184,363
Other government contributions	1,561	-	(793)	768
Fees and charges	16,235	-	-	16,235
Ancillary operations - net	976	-	16	992
Donations	243	-	-	243
Investment and other income	3,031	-	1,277	4,308
Amortization of external capital contributions	8,418	-	-	8,418
	212,707	2,120	500	215,327
Expenses:				
Facility-based inpatient acute nursing care services	44,356	1,667	143	46,166
Facility-based emergency and outpatient services	15,969	9	(296)	15,682
Facility-based continuing care services	19,378	139	(11)	19,506
Ambulance services	2,737	300	-	3,037
Community-based care	5,868	-	144	6,012
Home care	11,916	-	(389)	11,527
Diagnostic and therapeutic services	35,345	-	797	36,142
Promotion, prevention and protection services	8,769	174	841	9,784
Research and education	-	-	-	-
Administration	10,510	-	(897)	9,613
Information technology	3,803	(169)	121	3,755
Support services	39,365	-	47	39,412
Amortization of facilities and improvements	6,291	-	-	6,291
	204,307	2,120	500	206,927
Excess of revenues over expenses	\$ 8,400	\$ -	\$ -	\$ 8,400

- (1) The Authority's budget was approved by the Minister of Health and Wellness on October 12, 2004.
- (2) Over the course of the fiscal year, the Minister provided additional funding. The Board has allocated these additional resources to address funding expectations as follows:

	(thousands of dollars)
Specialists on-call program	\$ 1,667
Ambulance services	300
Immunization administration costs	174
Security of systems	259
RSHIP	(428)
Telehealth - geriatric care	(22)
Adjustment to physician rural on-call program	9
Long-term care	161
	\$ 2,120

- (3) The business plan submitted to Alberta Health and Wellness included significant budget allocations such as contingencies for employee salary negotiations based on management estimates. The budget was subsequently adjusted for actual settlement amounts, as they became known.

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PEACE COUNTRY HEALTH
Notes to the Financial Statements
Year ended March 31, 2005

11. ALBERTA HEALTH AND WELLNESS CONTRIBUTIONS

	2005	2004
	(thousands of dollars)	
Unrestricted contributions	\$ 178,059	\$ 152,218
Transfers from deferred contributions (Schedule 3)	5,781	4,452
	\$ 183,840	\$ 156,670

Included in unrestricted contributions is \$9,785,000 (2004 - nil) received from Alberta Health & Wellness as one-time funding to eliminate the Authority's accumulated deficit as at March 31, 2004.

12. OTHER GOVERNMENT CONTRIBUTIONS

	2005	2004
	(thousands of dollars)	
Fair value of rent for non-acute care used by the Authority (Alberta Infrastructure)	\$ 807	\$ 700
Infrastructure maintenance program (Alberta Infrastructure) (note 6)	390	-
Francophone project (Federal government)	105	116
Northern Alberta Development Council (Provincial government)	19	-
STEP program (Provincial government)	18	-
Other	13	2
	\$ 1,352	\$ 818

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PEACE COUNTRY HEALTH
Notes to the Financial Statements
Year ended March 31, 2005

13. FEES AND CHARGES

	Inpatient / Resident		Outpatient	
	2005	2004	2005	2004
	(thousands of dollars)			
<i>Acute Care</i>				
Out-of-province	\$ 3,611	\$ 2,407	\$ 1,838	\$ 1,461
Out-of-country base amount	37	38	20	22
Out-of-country surcharge	47	62	25	27
WCB standard charges	714	598	1,740	1,446
Federal	22	34	115	69
Uninsured medical services	2	1	15	13
Self insured individuals	73	29	42	48
Preferred accommodation	134	152	-	-
Continuing care standard ward	56	28	-	-
Continuing care semi-private	8	1	-	-
	<u>4,704</u>	<u>3,350</u>	<u>3,795</u>	<u>3,086</u>
<i>Continuing Care</i>				
Continuing care standard ward	91	101	-	-
Continuing care semi-private	4,100	3,710	-	-
Continuing care private	2,918	2,660	-	-
WCB standard charges	60	74	-	-
	<u>7,169</u>	<u>6,545</u>	<u>-</u>	<u>-</u>
<i>Ambulance services</i>				
	641	385	-	-
	<u>\$ 12,514</u>	<u>\$ 10,280</u>	<u>\$ 3,795</u>	<u>\$ 3,086</u>

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PEACE COUNTRY HEALTH
Notes to the Financial Statements
Year ended March 31, 2005

14. ANCILLARY OPERATIONS

	2005			2004
	Parking Operations	Rental/ Other Operations	Total	Actual
	(thousands of dollars)			
Revenues	\$ 546	\$ 668	\$ 1,214	\$ 1,074
Expenses	67	149	216	196
Excess of revenues over expenses (2005)	<u>\$ 479</u>	<u>\$ 519</u>	<u>\$ 998</u>	<u>\$ 878</u>
Excess of revenues over expenses (2004)	<u>\$ 470</u>	<u>\$ 408</u>	<u>\$ 878</u>	

15. INVESTMENT AND OTHER INCOME

	2005	2004
	(thousands of dollars)	
Unrestricted investment income	\$ 438	\$ 619
Other income	4,987	4,832
Transfer from deferred contributions (Schedule 3)	450	124
Transfer from deferred capital contributions (Note 6)	-	(56)
	<u>\$ 5,875</u>	<u>\$ 5,519</u>

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

Other income comprises recoveries from sources external to the Authority for materials, supplies and wages.

16. ADMINISTRATION

	2005	2004
	(thousands of dollars)	
General administration	\$ 4,769	\$ 4,760
Financial services	2,545	2,233
Human resources	2,892	2,997
Administration related to private sector operators (Schedule 4)	510	448
	<u>\$ 10,716</u>	<u>\$ 10,438</u>

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PEACE COUNTRY HEALTH
Notes to the Financial Statements
Year ended March 31, 2005

17. SUPPORT SERVICES

	2005	2004
	(thousands of dollars)	
Bio-medical engineering	\$ 340	\$ 295
Building maintenance, operations and security	12,730	12,479
Communications	1,132	1,124
Education	1,576	1,111
Health registry	4,684	4,246
Housekeeping	5,323	5,152
Laundry and linen	1,811	1,917
Materials management and transportation	2,859	2,634
Patient food services	7,132	7,006
Volunteer services and other	263	645
Support services related to private sector operators (Schedule 4)	1,099	1,148
	\$ 38,949	\$ 37,757

18. RELATED PARTIES

Province of Alberta

The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members. The Authority is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry. Transactions between the Authority and the Province are disclosed in the Statement of Operations and in the notes to the financial statements.

Health Authorities

The Authority shares a common relationship with other health authorities by way of its relationship with the Province of Alberta. Transactions between the Authority and other health authorities are included in the Statement of Operations.

Foundations

The Authority has an economic interest in the following Foundations that are not consolidated with the results of the Authority. The Foundations raise funds to benefit the Authority and other health related entities and are registered charities under the Income Tax Act. Information on the Foundations is as follows

PEACE COUNTRY HEALTH
Notes to the Financial Statements
Year ended March 31, 2005

18. RELATED PARTIES (continued)

	Contributions Received by Authority from Foundation		Resources Held by Foundation	
	Year ended March 31,		Externally Restricted	
	2005	2004	Restricted	Unrestricted
	(thousands of dollars)			
Beaverlodge Hospital Foundation ^(a)	\$ 4	\$ 10	\$ -	\$ 44
Fairview Health Complex Foundation ^(a)	90	134	-	2,395
Grande Cache Hospital Foundation ^(b)	32	2	-	-
Grimshaw/Berwyn & District Hospital Foundation ^(a)	6	7	5	183
Hythe Nursing Home Foundation ^(a)	32	17	1	48
Peace Health Foundation ^(b)	99	36	80	-
Queen Elizabeth II Hospital Foundation ^(a)	241	787	1,621	883
Valleyview Health Care Foundation ^(a)	41	6	10	12
	\$ 545	\$ 999	\$ 1,717	\$ 3,565

Information regarding Resources Held by Foundation is from the most recent financial reporting period available, which represents management's best estimate of the resources at March 31, 2005, and is obtained from the following sources:

- (a) Resources Held by Foundation is as at March 31, 2004 and has been obtained from financial statements audited by another accounting firm.
- (b) Resources Held by Foundation is as at March 31, 2003, has been obtained from the Foundation and is unaudited.

Externally restricted amounts are for equipment, programs, and research and education for the specific hospital and continuing care facility supported by the individual foundation.

The value of administrative support provided to foundations and the accounts receivable from the foundations at the year-end are as follows:

	Administrative Support		Accounts Receivable	
	Year ended March 31,		at March 31,	
	2005	2004	2005	2004
	(thousands of dollars)			
Queen Elizabeth II Hospital Foundation	\$ 25	\$ 25	\$ 16	\$ 264
Beaverlodge Hospital Foundation	-	-	3	-
Fairview Health Complex Foundation	-	-	82	133
Grimshaw/Berwyn Hospital Foundation	-	-	9	-
Hythe Nursing Home Foundation	-	-	35	15
Valleyview Health Care Foundation	-	-	2	-
	\$ 25	\$ 25	\$ 147	\$ 412

PEACE COUNTRY HEALTH
Notes to the Financial Statements
Year ended March 31, 2005

19. SUBSEQUENT EVENT

Beginning April 1, 2005, under a pilot project, funding and governance of ambulance services within the boundaries of Peace Country Health was transferred from the municipalities to Peace Country Health. In these financial statements, deferred contributions and accounts receivable both include \$6,033,121 from Alberta Health and Wellness to fund this project.

20. TRUST FUNDS

The Authority holds funds in the amount of \$204,145 (2004 - \$171,913) on behalf of its continuing care clients and the QEII Hospital Child Care Centre.

21. PENSION COSTS

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contribution payable of \$5,888,995 for the year ended March 31, 2005 (2004 - \$4,627,489).

At December 31, 2004, the Local Authorities Pension Plan reported an actuarial deficiency of \$1,288,924,000 (2003 - \$1,410,987,000).

22. RECLASSIFICATION OF PRIOR YEAR CAPITAL ASSET ADDITIONS

In 2004/05, the Authority received funding from Alberta Infrastructure of \$1,370,272 for capital assets purchased in 2003/04. In 2003/04, these capital assets were accounted for as internally funded. For the 2004/05 financial statements, the classification of the capital asset additions was changed from internally funded to externally funded.

23. COMPARATIVE FIGURES

Certain 2004 figures have been reclassified to conform to 2005 presentation.

24. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of the Authority.

PEACE COUNTRY HEALTH
Expenses by Object of Expenditure
Year ended March 31, 2005
(thousands of dollars)

Schedule 1

	2005		2004
	Budget (Note 10)	Actual	Actual
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	\$ 140,580	\$ 137,749	\$ 128,489
Contracts with health service operators (Schedule 4)	4,622	5,375	5,527
Drugs and gases	3,874	3,934	3,943
Medical and surgical supplies	3,942	4,373	3,949
Other contracted services	13,120	14,178	12,422
Interest on long-term debt	-	6	-
Other *	30,771	32,622	31,014
Amortization:			
Internally funded equipment	1,128	1,212	1,138
Externally funded equipment	2,599	3,074	2,576
Internally funded facilities and improvements	472	162	472
Externally funded facilities and improvements	5,819	6,784	5,819
(Gain) loss on disposal of capital assets	-	(150)	13
	206,927	209,319	195,362
Less amounts reported in ancillary operations (Note 14)	-	216	196
	\$ 206,927	\$ 209,103	\$ 195,166

	2005		2004
	Budget (Note 10)	Actual	Actual
* Other: Significant amounts include			
Diagnostic and therapeutic supplies	2,636	3,045	2,636
Equipment expenses	5,006	5,968	5,730
Food supplies	1,686	1,919	1,843
Patient transport	2,167	2,934	2,619
Recruitment and relocation	1,025	1,210	1,485
Utilities	6,527	5,970	6,331
Other	11,724	11,576	10,370
	\$ 30,771	\$ 32,622	\$ 31,014

PEACE COUNTRY HEALTH
Salaries, Honoraria, Benefits, Allowances and Severance
Year ended March 31, 2005
(thousands of dollars)

Schedule 2

	2005						2004				
	Number of Individuals ⁽¹⁾	Salaries and Honoraria ⁽²⁾	Benefits and Allowances ⁽³⁾	Subtotal	Severance ⁽⁴⁾		Number of Individuals (1)	Salaries, Honoraria, Benefits ⁽²⁾⁽³⁾	Severance	Total	
					Number of Individuals	Amount					
AUTHORITY/BOARD											
COMPENSATION											
RHA Chairperson											
Marvin Moore	1.00	\$ 28	\$ 4	\$ 32	-	\$ -	\$ 32	1.00	\$ 43	\$ -	\$ 43
RHA Members											
Claudia Buck	1.00	10	3	13	-	-	13	1.00	12	-	12
Denais Grant	1.00	8	1	9	-	-	9	1.00	14	-	14
Delphine Harboursme	1.00	13	1	14	-	-	14	1.00	16	-	16
Andre Harpe	1.00	12	4	16	-	-	16	1.00	17	-	17
Milton Homary	1.00	10	3	13	-	-	13	1.00	18	-	18
Wayne Jacques	1.00	10	3	13	-	-	13	1.00	11	-	11
Rose Kasinec	1.00	11	3	14	-	-	14	1.00	16	-	16
Betty Kruse	1.00	17	1	18	-	-	18	1.00	16	-	16
Lawrence Meardi	1.00	9	4	13	-	-	13	1.00	16	-	16
Jean Rycroft	1.00	10	4	14	-	-	14	1.00	15	-	15
Marie Seville	1.00	11	3	14	-	-	14	1.00	19	-	19
Brenda Strom	1.00	0	3	3	-	-	3	1.00	11	-	11
TOTAL HONORARIA	13.00	149	37	186	-	-	186	13	224	-	224
STAFF COMPENSATION											
Chief Executive Officer	1.00	261	41	302	-	-	302	1.00	256	-	256
Management persons reporting to the CEO											
Chief Operating Officer, QEII Hospital	1.00	154	27	181	-	-	181	1.00	146	-	146
Chief Operating Officer, Regional Sites	1.00	127	22	149	1.00	102	251	1.00	154	-	154
Vice President, Regional Health Services	1.00	147	20	167	-	-	167	1.00	124	-	124
Vice President, Human Resources	1.00	142	34	176	-	-	176	1.00	139	-	139
Chief Financial & Information Officer	1.00	141	28	169	-	-	169	1.00	143	-	143
Vice President, Medical Affairs	0.80	288	33	321	-	-	321	0.80	293	-	293
Other management persons reporting to those above	31.59	3,410	625	4,035	1.00	221	4,256	33.71	4,095	398	4,493
Other management	103.98	8,675	1,771	10,446	1.00	38	10,484	54.36	5,506	63	5,569
Regulated nurses not included above - RNs	510.90	38,391	7,362	45,753	-	-	45,753	497.90	46,079	2	46,081
Regulated nurses not included above - LPNs	171.10	7,927	1,526	9,453	-	-	9,453	175.13	8,460	-	8,460
Other health technical and professionals	289.33	20,633	3,608	24,241	-	-	24,241	275.24	20,473	-	20,473
Unregulated health service providers	204.47	7,881	1,427	9,308	-	-	9,308	276.44	11,108	-	11,108
Other staff	723.61	27,079	5,422	32,501	-	-	32,501	656.93	30,336	255	30,591
TOTAL STAFF COMPENSATION	2,041.77	115,256	21,946	137,202	3.00	361	137,563	1,976.51	127,312	718	128,030
TOTAL	2,054.77	\$ 115,405	\$ 21,983	\$ 137,388	3.00	\$ 361	\$ 137,749	1,989.51	\$ 127,536	\$ 718	\$ 128,254

PEACE COUNTRY HEALTH**Schedule 2****Salaries, Honoraria, Benefits, Allowances and Severance (continued)****Year ended March 31, 2005****(thousands of dollars)**

1. Full-time equivalent (FTE) has been determined as follows:

	<u>Hours</u>
Staff following United Nurses of Alberta (UNA) collective agreement	1,920.75
Certain unionized community health employees	1,827.00
Executive Team	2,015.00
All other contracts and excluded staff	2,022.75

Total actual discrete number of individuals employed: 3,586

2. Salaries and honoraria include regular base pay, overtime, lump-sum payments, shift differential, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.
3. Benefits and allowances include the employer's share of all employee benefits and contributions made on behalf of employees, including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance, workers' compensation, and professional memberships and tuition.
4. The Chief Executive Officer is provided with an automobile; no dollar amount is included under benefits and allowances.
5. Severance includes all monies paid directly or on behalf of an employee upon termination, which are not included in salaries and benefits. The number of individuals receiving severances disclosed in the schedule is the discrete number of individuals.
6. The total amount is reported in Schedule 1 (Schedule of Expenses by Object of Expenditure).

PEACE COUNTRY HEALTH
Schedule of Deferred Contributions
Year ended March 31, 2005
(thousands of dollars)

Schedule 3

	Amounts received or receivable					Amounts recognized as revenue					Transfer to Deferred Capital Contributions (Note 6)	Refunds to other RHAs	Closing Balance March 31, 2005	
	Opening Balance April 1, 2004	Alberta Health and Wellness	Other government contributions	Foundations	Donors	Investments and other	Alberta Health and Wellness (Note 11)	Other government contributions (Note 12)	Donations	Investment and other (Note 15)				
Alberta Health & Wellness:														
Primary Health Services	665	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 284	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 381
Specialists On-Call	313	2,651	-	-	-	-	2,081	-	-	-	-	883	-	-
Children's Health Initiative	98	92	-	-	-	-	181	-	-	-	-	-	9	-
Early Childhood Development	15	426	-	-	-	-	441	-	-	-	-	-	-	-
Ground Ambulance Pilot Project	-	6,033	-	-	-	-	-	-	-	-	-	-	6,033	-
Rural On Call	-	1,506	-	-	-	-	1,506	-	-	-	-	-	-	-
RSHIP	-	288	-	-	-	-	288	-	-	-	-	-	-	-
Security of Systems	-	259	-	-	-	-	259	-	-	-	-	-	-	-
Vaccine administration	-	398	-	-	-	-	398	-	-	-	-	-	-	-
Ground Ambulance Services	-	300	-	-	-	-	300	-	-	-	-	-	-	-
EMT - Paramedic training	-	90	-	-	-	-	-	-	-	-	-	-	90	-
Primary Care Initiative	-	100	-	-	-	-	-	-	-	-	-	-	100	-
Telehealth Operating Grant	-	110	-	-	-	-	-	-	-	-	-	-	110	-
Telehealth Project	-	74	-	-	-	-	-	-	-	-	-	-	74	-
Varicella Immunization	-	1	-	-	-	-	1	-	-	-	-	-	-	-
Primary Care Diabetes Project	-	288	-	-	-	-	12	-	-	-	-	-	276	-
Alzheimer and Dementia Training	-	30	-	-	-	-	30	-	-	-	-	-	-	-
	1,091	12,646	-	-	-	-	5,781	-	-	-	-	883	7,073	
Other contributors:														
Donors	443	-	-	241	319	-	-	-	380	-	97	-	526	-
Alberta Alcohol and Drug Abuse Commission	54	-	-	-	-	97	-	-	-	79	-	60	12	-
Alberta Cancer Board	-	-	-	-	-	57	-	-	-	39	-	17	1	-
Alberta Mental Health Board	-	-	-	-	-	270	-	-	-	270	-	-	-	-
Alberta Medical Association	-	-	-	-	-	100	-	-	-	62	-	-	38	-
Other	18	-	9	-	-	-	-	19	-	-	-	8	-	-
	515	-	9	241	319	524	-	19	380	450	97	85	577	
	\$ 1,606	\$ 12,646	\$ 9	\$ 241	\$ 319	\$ 524	\$ 5,781	\$ 19	\$ 380	\$ 450	\$ 97	\$ 968	\$ 7,650	

All amounts above are current deferred contributions.

PEACE COUNTRY HEALTH
Schedule of Voluntary and Private Health Service Providers
Year ended March 31, 2005
(thousands of dollars)

Schedule 4

	Direct Region Funding	Approved Patient Fees and Charges	Total Revenues	Facility based continuing care services	Community based services	Home care	Diagnostic and therapeutic services	Administration <small>(note 16)</small>	Support Services <small>(note 17)</small>	Total Expenditures
A. Private Health Service Providers										
Access Physiotherapy	\$ 229	\$ -	\$ 229	\$ -	\$ -	\$ -	\$ 169	\$ 14	\$ 46	\$ 229
Chantelle Management	1,944	923	2,867	1,574	-	-	167	395	731	2,867
Connecting Care	131	-	131	-	-	125	-	6	-	131
College and Community Health Centre	244	-	244	-	-	-	181	14	49	244
Columbia Rehabilitation Centre	209	-	209	-	-	-	155	12	42	209
Dynacare Kasper Medical Laboratories	1,156	-	1,156	-	-	-	856	69	231	1,156
	3,913	923	4,836	1,574	-	125	1,528	510	1,099	4,836
B. Voluntary Health Service Providers										
Community mental health partners	539	-	539	-	539	-	-	-	-	539
	539	-	539	-	539	-	-	-	-	539
TOTAL 2004/05	\$ 4,452	\$ 923	\$ 5,375	\$ 1,574	\$ 539	\$ 125	\$ 1,528	\$ 510	\$ 1,099	\$ 5,375
TOTAL 2003/04	\$ 4,693	\$ 834	\$ 5,527	\$ 1,487	\$ 557	\$ -	\$ 1,887	\$ 448	\$ 1,148	\$ 5,527

