

Headwaters Health Authority

Financial Statements

March 31, 2003

HEADWATERS HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2003

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

HEADWATERS HEALTH AUTHORITY
STATEMENT OF MANAGEMENT RESPONSIBILITY
MARCH 31, 2003

AUDITOR'S REPORT

To the Members of the Calgary Health Region
and the Minister of Health and Wellness

I have audited the statement of financial position of the Headwaters Health Authority ("the Authority") as at March 31, 2003 and the statements of operations and 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, 2003 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] FCA
Auditor General

Edmonton, Alberta
June 17, 2003

The accompanying financial statements are the responsibility of management and have been approved by the Calgary Health Region on behalf of the former Authority (Note 27). 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 judgements.

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 and are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority had established a code of ethics and corporate directives, which required communication of the code to employees.

The Calgary Health Region members carry out their responsibility for the financial statements through the Finance and 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 Calgary Health Region Board for approval. The Auditor General has full and free access to the Finance and Audit Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. 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]

Jack Davis
President & Chief Executive Officer

[Original Signed]

Kay Best
Vice President, Risk Management
& Chief Financial Officer

HEADWATERS HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2003
(thousands of dollars)

	2003	2002
ASSETS		
Current:		
Cash	\$7,154	\$6,335
Accounts receivable (Note 3)	752	1,707
Inventories	684	727
Prepaid expenses	354	480
	<u>8,944</u>	<u>9,249</u>
Non-current assets (Note 4)	9,314	14,247
Capital assets (Note 5)	<u>34,684</u>	<u>33,513</u>
	<u>\$52,942</u>	<u>\$57,009</u>
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	\$5,318	\$4,606
Accrued vacation pay	2,974	2,679
Deferred contributions (Note 7)	1,628	1,751
	<u>9,920</u>	<u>9,036</u>
Deferred capital contributions (Note 8)	9,314	13,116
Unamortized external capital contributions (Note 9)	<u>29,809</u>	<u>28,417</u>
	<u>49,043</u>	<u>50,569</u>
Net assets:		
Unrestricted	(976)	-
Internally restricted (Note 10)	-	1,344
Investment in capital assets	<u>4,875</u>	<u>5,096</u>
	<u>3,899</u>	<u>6,440</u>
	<u>\$52,942</u>	<u>\$57,009</u>

Commitments (Note 26)

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

HEADWATERS HEALTH AUTHORITY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003	2002	
	Budget (Note 11)	Actual	Actual
Revenue:			
Alberta Health and Wellness contributions (Note 12)	\$61,330	\$61,997	\$59,151
Other government contributions (Note 13)	1,943	1,950	2,169
Fees and charges (Note 14)	7,750	7,661	7,315
Ancillary operations, net (Note 15)	140	146	127
Donations	210	197	375
Investment and other income (Note 16)	6,464	2,226	1,969
Amortization of external capital contributions (Note 9)	<u>2,549</u>	<u>2,698</u>	<u>2,271</u>
	<u>80,386</u>	<u>76,875</u>	<u>73,377</u>
Expenses (Schedule 1):			
Facility based inpatient acute services	14,864	12,965	12,364
Facility based emergency and outpatient services	5,298	6,232	5,067
Facility based continuing care services (Note 17)	11,462	11,857	11,719
Community and home based services	5,799	5,277	5,531
Diagnostic and therapeutic services	12,888	12,828	12,169
Promotion, prevention and protection services	3,098	3,231	2,784
Administration (Note 18)	5,328	5,550	4,877
Information management, systems and technology (Note 19)	2,314	2,452	1,553
Support services (Note 20)	17,416	17,083	16,341
Amortization of facilities and improvements	<u>1,919</u>	<u>1,941</u>	<u>1,924</u>
	<u>80,386</u>	<u>79,416</u>	<u>74,329</u>
Deficiency of revenue over expenses	<u>\$-</u>	<u>\$(2,541)</u>	<u>\$(952)</u>

HEADWATERS HEALTH AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2003
(thousands of dollars)

Note 1 Authority, Purpose and Operations

Headwaters Health Authority (the "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 exempt from the payment of income tax and is a registered charity under the Income Tax Act.

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

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

- Canmore General Hospital
- Claresholm General Hospital
- High River General Hospital
- Little Bow Continuing Care Centre
- Oilfields General Hospital
- Vulcan Community Health Centre
- Willow Creek Continuing Care Centre
- Banff Public Health
- Canmore Public Health
- Claresholm Public Health and Community Care
- High River Public Health
- Nanton Community Health Centre
- Okotoks Public Health and Community Care
- High River Community Care

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 Note 23 (d).

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 Financial Directive 20 issued by Alberta Health and Wellness. The following are the significant accounting policies:

Headwaters Health Authority
Notes to the March 31, 2003 Financial Statements
(thousands of dollars)

(a) Revenue Recognition

These financial statements have been prepared using the deferral method, the key elements of which are:

- (i) Unrestricted operating grants and other contributions are recognized as revenue in the year they become receivable.
- (ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year proportional to the related expenses incurred.
- (iii) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is expended on capital assets. Amounts expended 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 which 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 proportional to the related expenses incurred.
- (vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Authority accounts for all costs and revenue related to services carried out for which it is responsible. The fair value of costs of services is recorded. The fair value transactions recorded consist of the following:

- (i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges is recorded as fees and charges and an equivalent amount is recorded as program expenses as this revenue funds part of the cost of the Authority's health programs.
- (ii) Payments made by Alberta Health and Wellness directly to contracted health service operators are recorded as revenue and an equivalent amount is recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

- (iii) The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions and an equivalent amount is recorded as program expenses as contract payments from the Authority do not include an amount for the use of these facilities.
 - (iv) The fair value for the 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 as contract payments from the Authority do not include an amount for the use of these facilities.
 - (v) 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 revenue and expenses in these financial statements because fair value cannot be reasonably determined.
- (c) Employee Future Benefits

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

The Authority also participates in defined contribution pension plans for employees at one facility and for two employee groups at all facilities.

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

(d) Financial Instruments

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

(e) Inventories

Inventories are valued at the lower of cost (first in first out) or net realizable value.

(f) Capital Assets

Capital assets are recorded at cost. Purchases less than five thousand dollars are expensed. Capital assets are amortized over their estimated useful lives on a straight-line basis:

	<u>Useful Life</u>
Land improvements	20 years
Buildings	40 years
Building service equipment	20 years
Furniture, equipment and software	5-20 years

Amortization of software under development and construction in progress will commence when the assets are substantially complete and available for use.

(g) Trust Funds Received by the Authority for Others

The Authority receives trust funds from Alberta Infrastructure that are to be paid to operators of non-owned facilities for capital purposes or facility repairs. The Authority receives trust funds from patients that are to be paid for personal expenses. These amounts are not reflected in these financial statements but are disclosed in Note 25.

(h) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. Actual results could differ from these estimates. Also, the Authority is currently included in the Goods and Services Tax (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in future if the Authority ceases to be part of the GST free list of Alberta Government.

Note 3 Accounts Receivable

	<u>2003</u>	<u>2002</u>
Receivable from Alberta Health and Wellness	\$426	\$689
Other receivables	326	1,018
	<u>\$752</u>	<u>\$1,707</u>

Note 4 Non-Current Assets

	2003	2002
Cash externally restricted for capital purposes	\$9,314	\$12,665
Deposit paid for capital purposes	-	75
Receivable from Alberta Health and Wellness restricted for capital purposes	-	376
Externally restricted for capital purposes (Note 8)	9,314	13,116
Cash internally restricted for future equipment replacement (Note 10)	-	1,131
	<u>\$9,314</u>	<u>\$14,247</u>
Fair value	<u>\$9,314</u>	<u>\$14,247</u>

Note 5 Capital Assets

	2003		2002	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$1,082	\$-	\$1,082	\$1,082
Land improvements	1,126	800	326	390
Buildings	72,381	48,198	24,183	26,030
Building service equipment	949	840	109	141
Furniture, equipment and software	12,802	6,672	6,130	5,664
Software under development	-	-	-	169
Construction in progress	2,854	-	2,854	37
	<u>\$91,194</u>	<u>\$56,510</u>	<u>\$34,684</u>	<u>\$33,513</u>

Land at the Banff Health Unit has been provided to the Authority at nominal value by the Mineral Springs Hospital under a lease expiring January 30, 2028.

Capital assets have been funded from the following sources:

	2003	2002
Externally funded (unamortized external capital contributions)	\$29,809	\$28,417
Internally funded (investment in capital assets)	4,875	5,096
	<u>\$34,684</u>	<u>\$33,513</u>

Note 6 Line of Credit and Debt Limit

The Authority has an unused operating line of credit to a maximum of \$1,000. A general security agreement covering accounts receivable has been pledged as security for the operating line of credit. Interest is charged at prime less 0.25%.

The debt limit of the Authority is calculated by the "percentage of base" method: for 2002 – 2003 the limit was \$3,025. At March 31, 2003 there were no short or long term borrowings outstanding.

Note 7 Deferred Contributions

Deferred contributions balance represents amounts accounted for in accordance with the accounting policy described in Note 2(a)(ii).

	2003	2002
Amounts received from:		
Alberta Health and Wellness	\$2,197	\$1,811
Other government	1,194	1,187
Chinook Health Region	-	83
Donors	10	4
Amounts transferred from deferred capital contributions (Note 8)	142	-
Amounts recognized as revenue:		
Alberta Health and Wellness (Note 12)	(2,148)	(1,568)
Other government (Note 13)	(1,518)	(1,743)
Change during the year	(123)	(226)
Balance, beginning of year	1,751	1,977
Balance, end of year	<u>\$1,628</u>	<u>\$1,751</u>
Unspent amounts at end of year are restricted for the following:		
Renovation and upgrade projects	\$879	\$1,140
Healthy Aging Partnership Initiatives	200	200
Promotions, prevention and protection programs	398	233
Other programs	151	178
	<u>\$1,628</u>	<u>\$1,751</u>

Note 8 Deferred Capital Contributions

Deferred capital contributions balance represents amounts accounted for in accordance with the accounting policy described in Note 2(a)(iii).

	2003	2002
Amounts received from:		
Alberta Health and Wellness	\$6	\$826
Alberta Infrastructure	-	12,381
Donors	426	834
Amounts transferred to deferred contributions (Note 7)	(142)	-
	<u>290</u>	<u>14,041</u>
Amounts transferred to unamortized external capital contributions (Note 9)	(4,092)	(2,213)
Change during the year	(3,802)	11,828
Balance, beginning of year	13,116	1,288
Balance, end of year	<u>\$9,314</u>	<u>\$13,116</u>
Unspent amounts at end of year are restricted for the following:		
Capital construction		
Okotoks	\$5,955	\$7,964
High River	3,359	4,224
Diagnostic and treatment equipment	-	817
Software	-	111
	<u>\$9,314</u>	<u>\$13,116</u>

Note 9 Unamortized External Capital Contributions

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

	2003	2002
Balance, beginning of year	\$28,417	\$28,499
Add amounts transferred from deferred capital contributions (Note 8)	4,092	2,213
Less amounts recognized as revenue:		
Statement of Operations	(2,698)	(2,271)
Ancillary operations (Note 15)	(2)	(24)
Balance, end of year	<u>\$29,809</u>	<u>\$28,417</u>

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Note 10 Internally Restricted Net Assets

Net assets internally restricted represent amounts restricted by the Authority for the following purposes:

	2003	2002
Future equipment replacement	\$-	\$1,131
Future operating projects	-	213
	<u>\$-</u>	<u>\$1,344</u>

Note 11 Budget

	Approved Budget (1)	Adjustments (2)	Reported Budget
Revenue			
Alberta Health and Wellness contributions	\$61,330	\$-	\$61,330
Other government contributions	1,943	-	1,943
Fees and charges	7,863	(113)	7,750
Ancillary operations, net	164	(24)	140
Donations	410	(200)	210
Investment and other income	6,127	337	6,464
Amortization of external capital contributions	2,549	-	2,549
	<u>80,386</u>	<u>-</u>	<u>80,386</u>
Expenses			
Facility based inpatient acute services	15,180	(316)	14,864
Facility based emergency and outpatient services	5,298	-	5,298
Facility based continuing care services	11,462	-	11,462
Community and home based services	5,799	-	5,799
Diagnostic and therapeutic services	12,511	377	12,888
Promotion, prevention and protection services	3,741	(643)	3,098
Administration	4,746	582	5,328
Information management, systems and technology	2,314	-	2,314
Support services	17,416	-	17,416
Amortization of facilities and improvements	1,919	-	1,919
	<u>80,386</u>	<u>-</u>	<u>80,386</u>
Deficiency of revenue over expenses	<u>\$ -</u>	<u>\$-</u>	<u>\$-</u>

- The initial business plan was approved by the Board of the Authority on April 25, 2002 and submitted to the Minister of Health and Wellness on April 29, 2002.
- Adjustments relate to classification changes to ensure budgeted revenue and expenses conform to actual reporting classifications.

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Note 12 Alberta Health and Wellness Contributions

	2003		2002
	Budget	Actual	Actual
Unrestricted contributions	\$59,464	\$59,686	\$57,419
Restricted contributions transferred from deferred contributions (Note 7)	1,703	2,148	1,568
Restricted contributions made directly by Alberta Health and Wellness to contracted operators	163	163	164
	<u>\$61,330</u>	<u>\$61,997</u>	<u>\$59,151</u>

Note 13 Other Government Contributions

	2003		2002
	Budget	Actual	Actual
Alberta Infrastructure	\$1,070	\$756	\$888
Other federal, provincial and local Governments	377	762	855
	1,447	1,518	1,743
Fair value for use of non-owned non-acute care facilities	31	31	25
Fair value for use of non-owned acute care facilities	465	401	401
	<u>\$1,943</u>	<u>\$1,950</u>	<u>\$2,169</u>

Note 14 Fees and Charges

	2003		2002
	Budget	Actual	Actual
Continuing Care Accommodation charges	\$2,883	\$2,826	\$2,577
Acute Care			
Non-entitled revenue – inpatients	525	422	407
Non-entitled revenue – outpatients	810	851	767
Other	111	175	152
Fees and charges – contracted operators	<u>3,421</u>	<u>3,387</u>	<u>3,412</u>
	<u>\$7,750</u>	<u>\$7,661</u>	<u>\$7,315</u>

Note 15 Ancillary Operations

	2003			2002	
	Non-patient Food	Rental	Total	Budget	Total
Revenue	\$285	\$256	\$541	\$523	\$527
Amortization of external capital contributions (Note 9)	-	2	2	24	24
Expenses	(283)	(109)	(392)	(349)	(366)
Amortization	-	(5)	(5)	(58)	(58)
Excess of revenue over direct expenses 2003	<u>\$2</u>	<u>\$144</u>	<u>\$146</u>	<u>\$140</u>	
Excess of revenues over direct expenses 2002	<u>\$7</u>	<u>\$120</u>	<u>\$127</u>		<u>\$127</u>

Note 16 Investment and Other Income

	2003		2002
	Budget	Actual	Actual
Unrestricted investment income	\$200	\$237	\$275
Recoveries	645	1,075	880
Other income	4,802	-	-
Other income – contracted operators	817	914	814
	<u>\$6,464</u>	<u>\$2,226</u>	<u>\$1,969</u>

Note 17 Facility based Continuing Care Services

Facility based continuing care services include expenses associated with the Healthy Aging Partnership Initiative of Snil (2002 - \$394).

Note 18 Administration

	2003		2002
	Budget	Actual	Actual
General administration	\$2,627	\$3,201	\$2,554
Finance	768	752	749
Personnel	882	539	562
Administration – contracted operators	1,051	1,058	1,012
	<u>\$5,328</u>	<u>\$5,550</u>	<u>\$4,877</u>

Note 19 Information Management, Systems and Technology

	2003		2002
	Budget	Actual	Actual
Operating costs	\$1,867	\$1,619	\$1,364
Amortization	447	355	189
Write-down of software	-	478	-
	<u>\$2,314</u>	<u>\$2,452</u>	<u>\$1,553</u>

Note 20 Support Services

	2003		2002
	Budget	Actual	Actual
Building maintenance and operations	\$3,454	\$3,546	\$3,135
Building renovations and upgrades	1,070	686	874
Communications	477	445	450
Education	257	324	319
Housekeeping	1,861	1,651	1,604
Laundry and linen	771	739	744
Materiels management	811	858	834
Patient food services	2,781	2,597	2,603
Patient health records	1,049	1,014	894
Patient registration	697	696	657
Patient transportation	773	1,135	1,073
Sterile reprocessing	285	255	242
Volunteer services	124	123	114
G8 Summit	-	171	12
Support services – contracted operators	3,006	2,843	2,786
	<u>\$17,416</u>	<u>\$17,083</u>	<u>\$16,341</u>

Note 21 Pension Costs

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. At December 31, 2002 the Local Authorities Pension Plan reported a deficit of \$444,980 (2001 – surplus of \$634,960). The Authority also participates in defined contribution pension plans for employees at one facility and for two employee groups at all facilities. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable.

	2003	2002
Expense related to defined benefit plan	\$1,196	\$1,081
Expense related to defined contribution plan	338	170
	<u>\$1,534</u>	<u>\$1,251</u>

Note 22 Changes in Non-cash Working Capital

	2003	2002
Accounts receivable	\$955	\$(914)
Inventories	43	95
Prepaid expenses	126	(98)
Accounts payable and accrued liabilities	712	1,465
Accrued vacation pay	295	215
Current portion of deferred contributions	(123)	(226)
	<u>\$2,008</u>	<u>\$537</u>

Note 23 Related Parties

(a) Province of Alberta

The Authority is established under the Regional Health Authorities Act. Two-thirds of the members of the Authority are elected. The Minister of Health and Wellness appoints the remaining 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 notes 3, 4, 7, 8, 11, 12 and 13 to the financial statements.

(b) Health Authorities

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 insignificant.

(c) Foundations

Controlled Foundations

The Headwaters Health Authority Foundation was established during fiscal year 1996-1997 and to date has been inactive.

Other Foundations

The Authority has significant influence in four foundations. These foundations solicit funds in the name of, and with the expressed or implicit approval of, the Authority.

All the foundations listed raise funds to benefit the Authority and other health related entities. The foundations are registered charities under the Income Tax Act.

Information on the foundations where the Authority has representation on its Board of Directors, together with financial information of these foundations is as follows:

	2003	2002
Contributions received from:		
Canmore and Area Health Care Foundation	\$-	\$-
Claresholm and District Health Foundation	42	68
High River District Healthcare Foundation	352	320
Oilfields Health Foundation	41	101
	<u>\$435</u>	<u>\$489</u>
Administrative support provided to:		
Canmore and Area Health Care Foundation	\$20	\$20
Claresholm and District Health Foundation	20	20
High River District Healthcare Foundation	88	88
Oilfields Health Foundation	22	22
	<u>\$150</u>	<u>\$150</u>
Accounts receivable from:		
Canmore and Area Health Care Foundation	\$-	\$-
Claresholm and District Health Foundation	14	12
High River District Healthcare Foundation	94	77
Oilfields Health Foundation	18	12
	<u>\$126</u>	<u>\$101</u>

	Externally Restricted	Unrestricted	2003 Total
Resources held at March 31, 2003			
Canmore and Area Health Care Foundation	\$3	\$28	\$31
Claresholm and District Health Foundation	33	199	232
High River District Healthcare Foundation	791	20	811
Oilfields Health Foundation	10	54	64
	<u>\$837</u>	<u>\$301</u>	<u>\$1,138</u>

Contributions include externally restricted amounts for equipment, programs, research, and education for the specific communities supported by the foundations.

(d) Voluntary and Private Health Service Operators

The Authority has an economic interest in the following voluntary and private health providers as it transfers significant resources to these entities. The Authority contracts with voluntary and private health service operators to provide health services in the region. The health service operators and the amount of the contracted health services for the year are as follows:

	2003			2002	
	Funding by the Authority	Fees and Charges and Other Income	Fair Value Adjustments	Total	Total
Mineral Springs Hospital	\$4,763	\$3,789	\$401	\$8,953	\$9,257
Extendicare – Vulcan	1,736	512	163	2,411	2,190
	<u>\$6,499</u>	<u>\$4,301</u>	<u>\$564</u>	<u>\$11,364</u>	<u>\$11,447</u>

The voluntary and private health service operators' expenses are reported in the following expense categories:

	2003	2002
Facility based acute care services	\$2,654	\$2,827
Facility based emergency and outpatient services	1,028	1,089
Facility based continuing care services	2,132	1,968
Diagnostic and therapeutic services	1,649	1,765
Administration	1,058	1,012
Support Services	2,843	2,786
	<u>\$11,364</u>	<u>\$11,447</u>

Note 24 Surgical Services Contracts

The Authority has contracted with the Banff Outpatient Surgery Centre to provide medically necessary plastic surgical services under the Health Care Protection Act.

Contract Term	Annual Value	2003	2002
October 1, 2000 – September 30, 2001	\$75	\$-	\$32
October 1, 2001 – September 30, 2003	\$72	65	45
		<u>\$65</u>	<u>\$77</u>

Note 25 Trust Funds

The Authority receives funds in trust from Alberta Infrastructure for non-owned facilities for capital purposes and facility repairs. These amounts are not reported in these financial statements. The balance of funds held by the Authority is \$114 (2002 - \$77). During the year the Authority received \$85 (2002 - \$20) and disbursed \$48 (2002 - \$nil) for capital and facility repairs for non-owned facilities.

The Authority receives funds in trust from patients for personal expenses. These amounts are not reported in these financial statements. The balance of funds held by the Authority is \$35 (2002 - \$46).

Note 26 Commitments

The Authority has received approval from Alberta Infrastructure to build the Okotoks Community Health Centre for a total project cost of \$10,000. As at March 31, 2003, the Authority has purchased the land but has not tendered the construction contract.

The Authority has a contract expiring on December 31, 2005 with an electricity provider that specifies a fixed price for energy consumption up to a certain quantity.

Note 27 Boundary Alignment

On December 19, 2002, the Minister of Health and Wellness announced that the number of Regional Health Authorities will be reduced to nine, effective April 1, 2003. The assets, liabilities and net assets of the Authority will be assumed at carrying value by the new Calgary Health Region.

Note 28 Operating Deficit

Section 2.9(2) of the Regional Health Authorities Regulation prohibits the Authority from incurring an annual operating deficit. The Authority incurred an operating deficit of \$2,541 for the year ended March 31, 2003. As disclosed in Note 27, the net assets of the Authority were assumed by the Calgary Health Region effective April 1, 2003.

Note 29 Comparative Figures

Certain 2002 figures have been reclassified to conform to 2003.

Note 30 Approval of Financial Statements

These financial statements have been approved by the Board of the Calgary Health Region.

HEADWATERS HEALTH AUTHORITY
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

Schedule 1

	2003		2002
	Budget	Actual	Actual
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	\$45,349	\$44,799	\$41,675
Contracts with health operators (Note 23(d))	11,790	11,364	11,447
Surgical services contracts (Note 24)	72	65	77
Drugs, gases, medical and surgical supplies	2,690	2,531	2,316
Consulting services	3,954	4,291	3,782
Other	13,416	12,972	12,499
	<u>77,271</u>	<u>76,022</u>	<u>71,796</u>
Amortization:			
Equipment - internally funded	841	749	535
Equipment - externally funded	761	666	440
Facilities and improvements – internally funded	108	97	127
Facilities and improvements – externally funded	1,812	1,848	1,855
Write-down of equipment	-	478	-
	<u>80,793</u>	<u>79,860</u>	<u>74,753</u>
Less amounts reported in ancillary operations (Note 15)	(407)	(397)	(424)
Less amounts capitalized in construction in progress	-	(47)	-
	<u>\$80,386</u>	<u>\$79,416</u>	<u>\$74,329</u>
	2003		2002
	Budget	Actual	Actual
Other includes the following significant items:			
Utilities	\$1,417	\$1,826	\$1,395
Equipment Maintenance	1,316	1,274	1,198
Food and Food Supplies	1,175	1,009	1,069
Patient Transportation	773	1,135	1,073

HEADWATERS HEALTH AUTHORITY
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

Schedule 2

	2003				2002	
	FTE's (1)	Salaries & Honoraria (3)	Benefits & Allowances (4)	Total	FTE's (1)	Total
Board Chair – C. Rousseau	1.00	\$28	\$3	\$31	1.00	\$35
Board Members						
L. Boychuk ⁽⁵⁾	1.00	5	2	7	1.00	9
M. Flanagan	1.00	8	3	11	1.00	15
M. Hammond	1.00	8	-	8	1.00	9
M. Ricketts ⁽⁵⁾	1.00	8	3	11	1.00	15
S. Barry ⁽⁵⁾ from October 25, 2001	1.00	9	1	10	0.42	5
G. McPherson ⁽⁵⁾ from October 25, 2001	1.00	10	3	13	0.42	8
M. Poelman ⁽⁵⁾ from October 25, 2001	1.00	8	4	12	0.42	3
A. Rogers ⁽⁵⁾ from October 25, 2001	1.00	7	3	10	0.42	8
I. Allen to October 25, 2001	-	-	-	-	0.58	5
P. Anderson to October 25, 2001	-	-	-	-	0.58	2
B. Dyck to October 25, 2001	-	-	-	-	0.58	6
D. Lundgren to October 25, 2001	-	-	-	-	0.58	11
K. McNeil to October 25, 2001	-	-	-	-	0.58	4
Total Honoraria	9.00	91	22	113	9.58	135
Chief Executive Officer ^(6,8) from November 19, 2001	1.00	330	17	347	0.38	63
Chief Executive Officer ⁽⁶⁾ to August 24, 2001	-	-	-	-	0.42	60
Staff reporting to the CEO:						
Community Health Services Leaders						
- Black Diamond/Okotoks	1.00	100	16	116	1.00	111
- Canmore	1.00	96	15	111	1.00	107
- Claresholm	1.00	95	16	111	1.00	107
- High River/Nanton	1.00	96	16	112	1.00	107
- Vulcan/Carmangay	1.00	92	15	107	1.00	93
Regional Health Services Leader	1.00	95	14	109	1.00	105
Planning and Support Services Leader ⁽⁷⁾	1.00	102	16	118	1.00	122
Executive Leader, Corporate Services	1.00	100	16	116	1.00	111
Regional Medical Director	0.60	117	-	117	0.60	117
Other management reporting to those above ⁽⁸⁾ (avg. 2003 \$91, avg. 2002 \$84)	30.00	2,434	385	2,819	29.67	2,495
Other management (avg. 2003 \$78, avg. 2002 \$70)	12.19	799	155	954	13.52	1,090
Regulated nurses not included above (avg. 2003 \$69, avg. 2002 \$64)	248.09	14,529	2,573	17,102	244.29	15,676
Other health technical and professionals (avg. 2003 \$61, avg. 2002 \$56)	127.98	6,586	1,166	7,752	128.86	7,164
Unregulated health service providers (avg. 2003 \$33, avg. 2002 \$32)	122.64	3,489	618	4,107	127.29	4,025
Other Staff (avg. 2003 \$42, avg. 2002 \$39)	251.53	8,980	1,608	10,588	254.39	9,987
	<u>811.03</u>	<u>\$38,131</u>	<u>\$6,668</u>	<u>\$44,799</u>	<u>817.00</u>	<u>\$41,675</u>

Schedule 2 (continued)

SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE

- 1) Full time equivalents (FTE's) is based on the number of hours worked in a standard work year, which is 2,023, 1,921 or 1,827 depending on occupational group. The FTE for board members is based on 12 months of service.
- 2) Total actual discrete number of individuals employed during the year was 1,494 (2002 - 1,509).
- 3) Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation. Severances are also included. See (8) below.
- 4) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance and workers compensation.
- 5) Denotes elected board member.
- 6) Automobile provided to the Chief Executive Officer is not included in the value of benefits disclosed on the schedule.
- 7) Planning and Support Services Leader assumed CEO responsibilities from August 25, 2001 to November 18, 2001.
- 8) The following severances have been included in salaries but excluded from the calculation of average cost per FTE. Two severances have been accrued as a result of conditions arising from the boundary realignment. Payment of the accrued severances can be triggered by certain events relating to their future employment. The paid severances contain no significant terms other than amount paid.

	2003		2002	
	#		#	
Accrued severances:				
CEO	1	\$180	-	-
Other management reporting to those above	1	95	-	-
Paid severances:				
Other Management	-	-	5	\$140
Regulated Nurses	-	-	1	8
Other Staff	2	57	2	34
	4	\$332	8	\$182