

# Lakeland Regional Health Authority

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Financial Statements

Year Ended March 31, 2003

## LAKELAND REGIONAL HEALTH AUTHORITY

### FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2003

Statement of Management Responsibility

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets (Deficit)

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 - Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

LAKELAND REGIONAL HEALTH AUTHORITY  
STATEMENT OF MANAGEMENT RESPONSIBILITY  
FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2003

The accompanying financial statements are the responsibility of management and have been approved by the Aspen Regional Health 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 judgement.

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 Finance 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 Aspen Regional Health Authority Board for approval. The external auditor has full and free access to the Finance Committee.

The external auditor, the Auditor General of Alberta, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allows them to report on the fairness of the financial statements prepared by management.

[Original Signed]

Robert B. Cable  
Chief Executive Officer, Aspen Regional Health Authority

[Original Signed]

Shelly Pusch  
Vice President, Corporate Services, Aspen Regional Health Authority

[Original Signed]

Celine Campton  
Finance Officer, Aspen Regional Health Authority

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 Aspen Regional Health Authority  
and the Minister of Health and Wellness

I have audited the statement of financial position of the Lakeland Regional Health Authority ("the Authority") as at March 31, 2003 and the statements of operations, changes in net assets (deficit), 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  
May 30, 2003

LAKELAND REGIONAL HEALTH AUTHORITY  
STATEMENT OF FINANCIAL POSITION

MARCH 31, 2003

(thousands of dollars)

	2003	2002
	Actual	Actual
<b>ASSETS</b>		
Current:		
Cash and temporary investments (Note 3)	\$ 3,635	\$ 6,681
Accounts receivable	1,509	1,338
Contributions receivable	1,686	1,142
Inventories	710	772
Prepaid expenses	183	582
	<u>7,723</u>	<u>10,515</u>
Non-current cash and investments (Note 4)	359	5,188
Capital assets (Note 5)	56,377	62,174
	<u>56,736</u>	<u>67,362</u>
<b>TOTAL ASSETS</b>	<b>\$ 64,459</b>	<b>\$ 77,877</b>
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>		
Current:		
Accounts payable and accrued liabilities	\$ 7,321	\$ 7,301
Accrued vacation pay	3,994	4,159
Deferred contributions (Note 6)	2,218	2,194
Current portion of long-term debt (Note 8)	-	36
	<u>13,533</u>	<u>13,690</u>
Deferred capital contributions (Note 7)	359	964
Unamortized external capital contributions (Note 9)	51,490	56,009
	<u>51,849</u>	<u>56,973</u>
Net Assets (Deficit):		
Unrestricted	(5,810)	1,085
Investment in capital assets	4,887	6,129
	<u>(923)</u>	<u>7,214</u>
<b>TOTAL LIABILITIES AND NET ASSETS (DEFICIT)</b>	<b>\$ 64,459</b>	<b>\$ 77,877</b>
Commitments (Note 10)		
Contingency (Note 22)		
Subsequent event (Note 24)		

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

LAKELAND REGIONAL HEALTH AUTHORITY  
STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2003

(thousands of dollars)

	2003		2002
	Budget	Actual	Actual
	(Note 11)		
Revenues:			
Alberta Health and Wellness contributions (Note 12)	\$ 111,749	\$ 111,323	\$ 107,193
Other government contributions (Note 13)	2,960	3,395	3,071
Fees and charges (Note 14)	11,510	11,653	10,782
Ancillary operations, net (Note 15)	-	4	8
Donations	550	268	252
Investment and other income (Note 16)	2,947	3,037	2,912
Amortization of external capital contributions (Note 9)	4,150	5,320	3,763
<b>Total Revenues</b>	<b>133,866</b>	<b>135,000</b>	<b>127,981</b>
Expenses (Schedule 1):			
Facility based inpatient acute services	21,804	22,062	20,844
Facility based emergency and outpatient services	8,786	9,044	8,405
Facility based continuing care services	23,258	23,327	21,593
Community and home based services	11,888	12,106	10,934
Diagnostic and therapeutic services	24,205	24,653	23,077
Promotion, prevention and protection services	6,955	6,856	6,841
Administration (Note 17)	5,988	6,188	6,017
Information technology	2,138	1,414	1,424
Support services (Note 18)	31,049	31,768	29,773
Amortization of facilities and improvements	3,252	3,688	2,855
Write down of capital assets (Note 5)	-	2,031	-
<b>Total Expenses</b>	<b>139,323</b>	<b>143,137</b>	<b>131,763</b>
Deficiency of revenues over expenses	<b>\$ (5,457)</b>	<b>\$ (8,137)</b>	<b>\$ (3,782)</b>

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

LAKELAND REGIONAL HEALTH AUTHORITY  
STATEMENT OF CHANGES IN NET ASSETS (DEFICIT)  
YEAR ENDED MARCH 31, 2003  
(thousands of dollars)

	2003			2002
	Unrestricted	Investment in Capital Assets	Total	Total
Deficiency of revenues over expenses	\$ (8,137)	\$ -	\$ (8,137)	\$ (3,782)
Capital assets purchased with internal funds	(594)	594	-	-
Amortization of internally funded capital assets	810	(810)	-	-
Write down of internally funded capital assets	1,047	(1,047)	-	-
Disposal of internally funded capital assets	15	(15)	-	-
Repayment of long-term debt used to fund capital assets	(36)	36	-	-
Net change	(6,895)	(1,242)	(8,137)	(3,782)
Balance at beginning of year	1,085	6,129	7,214	10,996
Balance at end of year	<u>\$ (5,810)</u>	<u>\$ 4,887</u>	<u>\$ (923)</u>	<u>\$ 7,214</u>

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

LAKELAND REGIONAL HEALTH AUTHORITY  
STATEMENT OF CASH FLOWS  
YEAR ENDED MARCH 31, 2003  
(thousands of dollars)

	2003		2002
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities:			
Deficiency of revenues over expenses	\$ (5,457)	\$ (8,137)	\$ (3,782)
Non-cash transactions:			
Amortization of capital assets - internally funded equipment	860	810	899
Amortization of capital assets - externally funded equipment	898	952	885
Amortization of capital assets - externally funded facilities & improvements	3,252	2,669	2,855
Amortization of external capital contributions (Note 9)	(4,150)	(5,320)	(3,763)
Loss (gain) on disposal of capital assets - externally funded	-	662	(15)
Loss on disposal of capital assets - internally funded	-	1	-
Write down of capital assets	-	2,031	-
Write down of investments	-	356	-
	(4,597)	(5,976)	(2,921)
Change in non-cash working capital accounts (Note 19)	(1,200)	(375)	922
Cash used by operating activities	(5,797)	(6,351)	(1,999)
Investing activities:			
Purchase of capital assets:			
Internally funded equipment	(500)	(594)	(626)
Externally funded buildings (Note 7)	(400)	(224)	(1,723)
Externally funded equipment (Note 7)	(1,800)	(577)	(1,855)
Allocations from non-current cash and investments, net of temporary investments	2,076	1,509	664
Capital assets transferred (Note 24)	-	-	369
Proceeds on sale of capital assets	-	67	79
Cash generated from (used by) investing activities	(624)	181	(3,092)
Financing activities:			
Capital contributions received (Note 7)	2,200	196	2,774
Capital assets transferred (Note 24)	-	-	(369)
Principal payments on long-term debt	(36)	(36)	(49)
Cash generated from financing activities	2,164	160	2,356
Decrease in cash	(4,257)	(6,010)	(2,735)
Cash, beginning of year	6,681	6,681	9,416
Cash, end of year	<u>\$ 2,424</u>	<u>\$ 671</u>	<u>\$ 6,681</u>

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

LAKELAND REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2003

(thousands of dollars)

Note 1 Authority, Purpose and Operations

Lakeland Regional 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 a registered charity under the Income Tax Act and is exempt from payment of income tax.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in the 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:

Hospital Services

Acute care services are provided at the following facilities:

- Cold Lake Health Centre
- Elk Point Health Centre
- Fort Saskatchewan Health Centre
- George McDougall Health Centre (Smoky Lake)
- St. Therese Health Centre (St. Paul)
- Two Hills Health Centre
- William J. Cadzow Health Centre (Lac La Biche)
- Other voluntary facilities providing acute care services

Community Health Services

Community health services are provided through the community health component of the facilities listed above and at the following dedicated community health centres:

- Myrnam Community Clinic
- Glendon Community Clinic
- Willingdon Community Clinic
- Our Lady's Community Clinic (Vilna)
- Other voluntary facilities providing community health services

Note 1 Authority, Purpose and Operations (continued)

Continuing Care (Long-Term Care)

Continuing care services are provided at the following facilities; Elk Point Health Centre, George McDougall Health Centre, Cold Lake Health Centre, St. Therese Health Centre, Two Hills Health Centre, William J. Cadzow Health Centre and at the following dedicated continuing care centres:

- Mannville Health Centre
- Vegreville Long-Term Care Centre
- Other voluntary and private continuing care centres

Public Health

Public Health services are provided at the following health units:

- Andrew Health Unit (branch office)
- Bonnyville Health Unit
- Elizabeth Metis Settlement Health Unit (branch office)
- Elk Point Health Unit
- Fishing Lake Metis Settlement Health Unit (branch office)
- Fort Saskatchewan Health Unit
- Glendon Health Unit (branch office)
- Grand Centre Health Unit
- Lac La Biche Health Unit
- Lamont Health Unit
- Smoky Lake Health Unit
- St. Paul Health Unit
- Two Hills Health Unit
- Vegreville Health Unit
- Vilna Health Unit (branch office)
- Buffalo Lake Metis Settlement Health Unit (branch office)
- Kikino Metis Settlement Health Unit (branch office)
- Mannville Health Unit
- Other community organizations

These financial statements do not include the assets, liabilities, and operations of voluntary or private facilities providing health care services in the region. Information on these facilities is disclosed in Note 20(c).

Note 2 Significant Accounting Policies and Reporting Practices

These 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. Following are the significant accounting policies:

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation

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 recognized as revenue in the year proportional to the related expenses incurred.
- iii. Externally restricted capital contributions are recorded as deferred capital contributions until 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 period in which the related amortization expense of the funded capital asset is recorded.
- iv. Restricted contributions to purchase 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 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 accounts for all costs and revenues related to services for which it is responsible.

The fair value of costs of services is recorded. Fair value transactions consist of the following:

- i. 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 expense of the Authority.
- 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.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Full Cost (continued)

- iii. 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 also recorded as program expense, since contract payments from the Authority do not include an amount for the use of these facilities.
- iv. 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.
- v. Other assets, supplies and service that would otherwise have been purchased are recorded as revenues 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 expense in the financial statements because fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This 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 the financial statements comprise the employer's contributions required 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.

(d) Investments

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

Non-current investments are recorded at cost unless there has been a reduction in value that is other than temporary. At that time, the value is reduced. Any discounts or premiums arising on purchase are amortized on a straight-line basis over the period of maturity. The cost of disposal is determined on the average cost basis. Gains or losses on disposal are recognized in the period of disposal.

## Note 2 Significant Accounting Policies and Reporting Practices (continued)

## (e) Financial Instruments

The carrying values of cash, accounts receivable, contributions receivable, accounts payable, accrued liabilities and accrued vacation pay approximates their fair values because of the short-term maturity of these items.

The carrying values of temporary investments approximates their fair values

## (f) Inventories

Inventories are valued at the lower of cost (defined as moving average) and replacement cost.

## (g) Capital Assets

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

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

	<u>Useful Life</u>
Land improvements	10-20 years
Buildings	20-40 years
Building service systems	10-20 years
Furniture and equipment	5-20 years
Equipment under capital leases	5 years
Vehicles	5 years
Leasehold improvements	lease term plus one renewal period

Construction 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.

## (h) Restructuring Costs

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

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

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. These amounts are not reflected in these financial statements but are disclosed in Note 23.

## Note 2 Significant Accounting Policies and Reporting Practices (continued)

## (j) Measurement Uncertainty

The financial statements by their nature, contain estimates and are subject to measurement uncertainty. Amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates. Also, the Authority is currently included in the Goods and Services (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 the future if the Authority ceases to be part of the GST free list of the Alberta Government.

## Note 3 Cash and temporary investments

	<u>2003</u>	<u>2002</u>
Cash and investments	\$ 3,994	\$ 11,869
Less non-current cash and investments (Note 4)	<u>(359)</u>	<u>(5,188)</u>
Current cash and temporary investments	<u>\$ 3,635</u>	<u>\$ 6,681</u>

Cash and temporary investments is comprised of:

Cash	\$ 671	\$ 6,681
Bonds	1,312	-
Equities	488	-
Guaranteed investment certificates	1,164	-
	<u>\$ 3,635</u>	<u>\$ 6,681</u>

- i. Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to fluctuations in market prices.

## Note 3 Cash and temporary investments (continued)

To earn optimal financial returns at an acceptable level of risk, management has established a policy asset mix of 60% to 100% of fixed-income instruments and 0% to 40% equities. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

- ii. Publicly traded fixed-income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix.

Fixed-income securities, such as bonds and guaranteed investment certificates, have an average effective yield of 5.91% per annum based on the market for securities maturing between 1 and 3 years. As at March 31, 2003, the securities have a 1 to 3 year term structure.

- iii. Equities are comprised of publicly traded equities. Risk is reduced by prudent security selection and sector rotation.

## Note 4 Non-Current Cash and Investments

	<u>2003</u>	<u>2002</u>
Cash	\$ 359	\$ 964
Money market securities	-	29
Bonds	-	1,269
Equities	-	801
Guaranteed investment certificates	-	2,125
Non-current cash and investments	<u>\$ 359</u>	<u>\$ 5,188</u>

Non-current cash and investments represent the following:

	<u>2003</u>	<u>2002</u>
Externally restricted for capital acquisitions	\$ 359	\$ 964
Unrestricted for non-current investments	-	4,224
Non-current cash and investments	<u>\$ 359</u>	<u>\$ 5,188</u>

## Note 5 Capital Assets

	<u>2003</u>		<u>2002</u>	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 594	\$ -	\$ 594	\$ 596
Land improvements	1,819	1,153	666	663
Buildings	96,704	50,115	46,589	47,505
Building service systems	9,502	8,325	1,177	1,243
Furniture and equipment	23,947	18,243	5,704	7,339
Equipment under capital leases	224	197	27	56
Vehicles	1,000	746	254	220
Leasehold improvements	1,312	142	1,170	346
Construction in progress	196	-	196	4,206
	<u>\$ 135,298</u>	<u>\$ 78,921</u>	<u>\$ 56,377</u>	<u>\$ 62,174</u>

Subsequent to March 31, 2003 the Authority has been disestablished (see Note 24). Accordingly, the Authority has recorded a write-down of \$ 2,031 to reduce the capital asset carrying values to reflect those assets determined to be redundant upon transfer.

Capital assets have been funded from the following sources:

	<u>2003</u>	<u>2002</u>
Externally funded (unamortized external capital contributions) (Note 9)	\$ 51,490	\$ 56,009
Long-term debt	-	36
Internally funded (invested in capital assets)	<u>4,887</u>	<u>6,129</u>
	<u>\$ 56,377</u>	<u>\$ 62,174</u>



## Note 6 Deferred Contributions

	<u>2003</u>	<u>2002</u>
Amounts received:		
Alberta Health and Wellness - ICD 10	\$ -	\$ 104
Alberta Health and Wellness -Young Family Planning	321	335
Alberta Health and Wellness -Specialist on Call	1,053	-
Alberta Health and Wellness -Health Innovation Fund	-	283
Other government contributions - Alberta Infrastructure	862	1,261
Other government contributions - Other	44	9
Donations	177	153
Investment income and other income	<u>11</u>	<u>30</u>
	<u>2,468</u>	<u>2,175</u>
Amounts refunded to source and adjusted by boundary changes	(24)	(114)
Amounts transferred (to) from deferred capital contributions (Note 7)	<u>(81)</u>	<u>117</u>
	<u>(105)</u>	<u>3</u>
Amounts recognized as revenue:		
Alberta Health and Wellness contributions -ICD 10 (Note 12)	(17)	(87)
Alberta Health and Wellness -Young Family Planning (Note 12)	(141)	-
Alberta Health and Wellness -Specialist on Call (Note 12)	(768)	-
Alberta Health and Wellness -Health Innovation Fund (Note 12)	(275)	(427)
Alberta Health and Wellness -Archival Blood Review (Note 12)	(46)	-
Alberta Health and Wellness -Information System Upgrades (Note 12)	-	(5)
Alberta Health and Wellness -Healthy Aging (Note 12)	-	(18)
Other Government Contributions - Alberta Infrastructure (Note 13)	(900)	(660)
Other Government Contributions -Other (Note 13)	(37)	(44)
Donations	(149)	(125)
Investment and other revenue	<u>(6)</u>	<u>-</u>
	<u>(2,339)</u>	<u>(1,366)</u>
Change during the year	24	812
Balance, beginning of year	<u>2,194</u>	<u>1,382</u>
	<u>\$ 2,218</u>	<u>\$ 2,194</u>
Unspent amounts at year end are restricted for the following purposes:		
Alberta Health and Wellness - ICD 10	\$ -	\$ 17
Alberta Health and Wellness - Young Family Planning	516	335
Alberta Health and Wellness -Specialist on Call	285	-
Alberta Health and Wellness -Health Innovation Fund	102	377
Alberta Health and Wellness -Archival Blood Review	-	70
Alberta Health and Wellness -Information System Upgrades	615	634
Alberta Infrastructure - Upgrades	650	689
Other	<u>50</u>	<u>72</u>
	<u>\$ 2,218</u>	<u>\$ 2,194</u>

## Note 7 Deferred Capital Contributions

	<u>2003</u>	<u>2002</u>
Amounts received:		
Alberta Health and Wellness contributions - Capital equipment	\$ -	\$ 1,302
Other government contributions	58	1,418
Telehealth	-	55
Donations	57	134
Investments and other revenue	-	(18)
Transferred from (to) deferred contributions (Note 6)	<u>81</u>	<u>(117)</u>
Capital contributions received	<u>196</u>	<u>2,774</u>
Transferred to:		
Unamortized external capital contributions - Other (Note 9)	<u>(801)</u>	<u>(3,578)</u>
Change during the year	(605)	(804)
Balance, beginning of year	<u>964</u>	<u>1,768</u>
	<u>\$ 359</u>	<u>\$ 964</u>
Balance at year end is restricted for the following purposes:		
Alberta Health and Wellness - Federal funds capital equipment	\$ -	\$ 413
Alberta Health and Wellness - Lottery capital equipment	-	36
Alberta Infrastructure -Capital Upgrades	347	489
Other	<u>12</u>	<u>26</u>
	<u>\$ 359</u>	<u>\$ 964</u>

## Note 8 Current portion of Long-Term Debt

	<u>2003</u>	<u>2002</u>
Current portion of obligations under capital leases	<u>\$ -</u>	<u>\$ 36</u>

## Note 9 Unamortized External Capital Contributions

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

	<u>2003</u>	<u>2002</u>
Balance, beginning of year	\$ 56,009	\$ 56,563
Transfers from (to) deferred capital contributions (Note 7)	<u>801</u>	<u>3,578</u>
	56,810	60,141
Less amounts transferred in boundary changes (Note 24)	-	(369)
Less amounts recognized as revenue		
Disposal of externally funded equipment	(715)	(23)
Amortization of External capital contributions	(4,604)	(3,737)
Amortization -Ancillary operations	<u>(1)</u>	<u>(3)</u>
Balance, end of year	<u>\$ 51,490</u>	<u>\$ 56,009</u>

## Note 10 Commitments

The Authority is committed to several operating lease contracts. Future minimum lease payments are as follows:

2004	\$ 982
2005	981
2006	799
2007	395
2008	398
2009 and thereafter	1,020

In addition, the Authority contracts on an ongoing basis with voluntary, private and community health operators to provide acute, continuing care and other health services in the Region (Note 20(c)). The Authority has contracted for services in the year ended March 31, 2003 similar to those provided by these operators in 2002.

## Note 11 Budget

	Approved Budget (1)	Additional Funding(2)	Adjustments (3)	Reported Budget (4)
Revenues:				
Alberta Health and Wellness contributions	\$ 110,185	\$ 1,564	\$ -	\$ 111,749
Other government contributions	2,960	-	-	2,960
Fees and charges	11,510	-	-	11,510
Donations	550	-	-	550
Investment and other income	1,649	-	1,298	2,947
Amortization of external capital contributions	<u>4,150</u>	<u>-</u>	<u>-</u>	<u>4,150</u>
	<u>131,004</u>	<u>1,564</u>	<u>1,298</u>	<u>133,866</u>
Expenses:				
Facility based inpatient acute services	21,810	-	(6)	21,804
Facility based emergency and outpatient services	8,786	-	-	8,786
Facility based continuing care services	27,379	-	(4,121)	23,258
Community and home based services	11,415	-	473	11,888
Diagnostic and therapeutic services	22,830	-	1,375	24,205
Promotion, prevention and protection services	6,956	-	(1)	6,955
Education	500	-	(500)	-
Administration	5,540	-	448	5,988
Information technology	2,138	-	-	2,138
Support services	27,419	-	3,630	31,049
Amortization of facilities and improvements	<u>3,252</u>	<u>-</u>	<u>-</u>	<u>3,252</u>
	<u>138,025</u>	<u>-</u>	<u>1,298</u>	<u>139,323</u>
Excess (deficiency) of revenues over expenses	<u>\$ (7,021)</u>	<u>\$ 1,564</u>	<u>\$ -</u>	<u>\$ (5,457)</u>

- 1) The Budget was approved by the Board of the Authority on July 29, 2002.
- 2) Over the course of the fiscal year, the Minister of Health and Wellness provided additional funding.
- 3) Adjustments arising from Board re-allocations for the recognition of deferred revenues and redistribution of funds between programs to match reallocations.
- 4) The Authority is prohibited by Section 2.9(2) of the Regional Health Authorities Regulation from incurring an annual operating deficit. The Authority incurred an operating deficit of \$ 8,137 for the year ended March 31, 2003. Any actions required under the Regulation as a result of incurring the operating deficit lapse on April 1, 2003, the date the Authority ceases to exist (see Note 24)

## Note 12 Alberta Health and Wellness Contributions

	<u>2003</u>	<u>2002</u>
Unrestricted contributions	\$ 107,963	\$ 103,728
Transferred from deferred contributions (Note 6)	1,247	537
Other restricted contributions	1,523	2,337
Restricted contributions made directly by Alberta Health and Wellness to contracted health service operators (Note 20)	<u>590</u>	<u>591</u>
	<u>\$ 111,323</u>	<u>\$ 107,193</u>

## Note 13 Other Government Contributions

	<u>2003</u>	<u>2002</u>
Fair value of rent less rent charges for non-acute care facilities used by the Authority	\$ 439	\$ 429
Fair value for use of non-owned acute care facilities	1,234	1,234
Transferred from deferred contributions (Note 6):		
Alberta Infrastructure	900	660
Other	37	44
Other government contributions	<u>785</u>	<u>704</u>
	<u>\$ 3,395</u>	<u>\$ 3,071</u>

## Note 14 Fees and Charges

	<u>2003</u>	<u>2002</u>
<u>Acute Care</u>		
Non-entitled revenue - inpatients	\$ 735	\$ 648
Non-entitled revenue - outpatients	709	700
Preferred accommodations	<u>28</u>	<u>32</u>
	<u>1,472</u>	<u>1,380</u>
<u>Continuing Care</u>		
Accommodation charges	3,998	3,599
Other	<u>191</u>	<u>-</u>
	<u>4,189</u>	<u>3,599</u>
Federal government	264	211
Workers Compensation Board (WCB)	500	509
Fair value adjustments (Note 2b(I))	5,228	5,083
	<u>\$ 11,653</u>	<u>\$ 10,782</u>

## Note 15 Ancillary Operations

	<u>2003</u>			<u>2002</u>
	Non-patient Food Service Operations	Rental Operations	Total	Total
Revenues	\$ 448	\$ 71	\$ 519	\$ 458
Expenses:				
Other expenses	448	66	514	447
Amortization	<u>-</u>	<u>1</u>	<u>1</u>	<u>3</u>
	<u>448</u>	<u>67</u>	<u>515</u>	<u>450</u>
Excess of revenues over expenses 2002-2003	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 8</u>
Excess of revenues over expenses 2001-2002	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 8</u>	<u>\$ 8</u>

## Note 16 Investment and Other Income

	<u>2003</u>	<u>2002</u>
Investment income	\$ 354	\$ 583
Other income	<u>2,683</u>	<u>2,329</u>
	<u>\$ 3,037</u>	<u>\$ 2,912</u>

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

Other income comprises of external recoveries for supply and salary costs and other miscellaneous revenues.

## Note 17 Administration

	<u>2003</u>	<u>2002</u>
General administration	\$ 2,588	\$ 2,768
Finance	854	636
Personnel	1,377	1,281
Administration - contract operators (Note 20(c))	<u>1,369</u>	<u>1,332</u>
	<u>\$ 6,188</u>	<u>\$ 6,017</u>

## Note 18 Support Services

	<u>2003</u>	<u>2002</u>
Building maintenance, operations and security*	\$ 6,443	\$ 5,381
Communications	771	768
Education	388	461
Housekeeping	2,437	2,245
Laundry and linen	1,053	1,025
Materials management and central sterilizing	1,145	1,148
Patient food services	3,813	3,537
Patient health records	1,659	1,499
Patient registration	1,383	1,281
Patient transportation	2,209	2,183
Support services - contract operators (Note 20(c))	<u>10,467</u>	<u>10,245</u>
	<u>\$ 31,768</u>	<u>\$ 29,773</u>

\*Building maintenance, operations and security is inclusive of utility costs and rebates.

## Note 19 Change in Non-Cash Working Capital Accounts

	<u>2003</u>	<u>2002</u>
Accounts receivable	\$ (171)	\$ (448)
Contributions receivable	(544)	303
Inventories	62	81
Prepaid expenses	399	(250)
Accounts payable	20	(36)
Accrued vacation pay	(165)	460
Deferred contributions	<u>24</u>	<u>812</u>
	<u>\$ (375)</u>	<u>\$ 922</u>

## Note 20 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. Transactions between the Authority and the Province are disclosed in the Statement of Operations and in Notes 6, 7, 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 reported in the Statement of Operations and disclosed in Note 24 to the financial statements.

## (c) 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 contracted health services for the year are as follows:

## Note 20 Related Parties (continued)

## (c) Voluntary and Private Health Service Operators (continued)

	Operating Fund				2003	2002
	Direct Funding by the Authority	Approved Patient/ Resident Fees and Charges	Direct Funding by Alberta Health	Full Cost Adjustments	Total	Total
<b>Voluntary facilities:</b>						
Bonnyville Health Care Centre	\$ 7,167	\$ 714	\$ -	\$ 531	\$ 8,412	\$ 7,914
Lamont Health Care Centre	7,323	1,292	-	518	9,133	8,477
Mary Immaculate Hospital - Mundare	1,563	362	-	-	1,925	1,784
St. Joseph Hospital - Vegreville	6,688	178	-	185	7,051	6,275
<b>Private facilities:</b>						
Bonnyville Extencicare	1,451	568	171	-	2,190	2,129
Rivercrest Care Centre - Fort Saskatchewan	3,090	946	251	-	4,287	4,056
St. Paul Extencicare	2,964	847	168	-	3,979	3,799
Heritage House - Vegreville	673	422	-	-	1,095	1,604
	<u>\$ 30,919</u>	<u>\$ 5,329</u>	<u>\$ 590</u>	<u>\$ 1,234</u>	<u>\$ 38,072</u>	<u>\$ 36,038</u>
Reported in the following expense categories:						
Facility based inpatient acute services					\$ 6,187	\$ 5,822
Facility based emergency and outpatient services					2,568	2,465
Facility based continuing care services					11,496	10,519
Community and home based services					963	837
Diagnostic and therapeutic services					4,994	4,785
Administration					1,369	1,332
Information technology and <i>well</i> net					28	33
Support services					10,467	10,245
					<u>\$ 38,072</u>	<u>\$ 36,038</u>

## (d) Foundations

The Authority significantly influences the St. Paul & District Hospital Foundation and the Lakeland Regional Health Authority Foundation by virtue of representation on the Board of Directors. These Foundations are not consolidated in these financial statements. The St Paul & District Hospital Foundation exists for the purpose of raising funds to be used to benefit the St. Therese Health Centre (the "Centre"). The Lakeland Regional Health Authority Foundation exists for the purpose of raising funds to purchase equipment for use in the region.

## Note 20 Related Parties (continued)

## (d) Foundations (continued)

	Contributions received by Authority		Resources held by Foundation	
	2003	2002	2003	
			Externally Restricted	
St Paul & District Hospital Foundation	\$ 56	\$ 37	\$	38
Lakeland Regional Health Authority Foundation	21	-		2
	<u>\$ 77</u>	<u>\$ 37</u>	<u>\$</u>	<u>40</u>

## Note 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 equal to the Authority's annual contributions payable of \$2,309 for the year ended March 31, 2003 (2002 \$2,013).

At December 31, 2002, the Local Authorities Pension Plan reported an actuarial deficiency of \$444,980 (2001 surplus of \$634,960).

## Note 22 Contingency

The Authority has been named as a defendant in various legal actions. The outcome of these actions cannot be estimated at this time. However, management believes the amount of damages, if any, resulting from these claims would not materially affect the financial position of the Authority. In accordance with standard provincial requirements, the Authority maintains adequate liability coverage. Any costs in excess of the Authority's liability insurance on settlement would be recorded as an expense of the period of settlement.

## Note 23 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.

During the year, the Authority received \$222 (2002 \$1,457) and disbursed \$785 (2002 \$841) for capital and facility repairs for non-owned facilities. The balance of funds held by the Authority is \$197 (2002 \$760).

Note 24 Restructuring of Health Operations

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.

Pursuant to Ministerial Orders 15, 16 and 17 of 2003 each dated March 28, 2003, effective April 1, 2003, the assets and liabilities of the Lakeland Regional Health Authority are assumed in part by the East Central Regional Health Authority, which becomes Region 5, Capital Health Authority, which becomes Region 6, and by the Aspen Regional Health Authority, which becomes Region 7. Ministerial Order 24 disestablishes the Lakeland Regional Health Authority.

Specified assets and liabilities are to be distributed at carrying value to Region 5, Region 6 and Region 7 on the basis of their location in, or relationship to the programs provided in, the geographical areas transferred to these three regions. The remaining insufficiency in net assets of the Lakeland Regional Health Authority is to be pooled with surpluses and insufficiencies of the other disestablished regional health authorities and the aggregate surplus or insufficiency allocated to the continuing regional health authorities on a defined population basis.

The allocation of the insufficiency of net assets of Lakeland Regional Health Authority at March 31, 2003 has yet to be determined.

Severance and other costs associated with the cessation of the Authority on April 1, 2003 and the transfer of programs, personnel, assets and liabilities to the newly-formed Regions 5, 6 and 7 are recorded in the financial statements (see Note 5 and Schedule 2)

In the preceding year, the Minister of Health and Wellness announced a realignment of the boundaries of the Lakeland Regional Health Authority, Aspen Regional Health Authority and East Central Regional Health Authority. This resulted in a decrease in geographic size of the region and a transfer of net assets valued at \$ 406, of which \$ 369 represented capital assets.

Note 25 Comparative Figures

Certain 2002 figures have been reclassified to conform to the 2003 presentation.

Note 26 Approval of Financial Statements

These financial statements have been approved by the Aspen Regional Health Authority.

Schedule 1

LAKELAND REGIONAL HEALTH AUTHORITY

SCHEDULE OF EXPENSES BY OBJECT

YEAR ENDED MARCH 31, 2003

(thousands of dollars)

	2003		2002
	Budget	Actual	Actual
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	\$ 67,133	\$ 68,811	\$ 64,658
Contracts with health service operators (Note 20(c))	38,067	38,072	36,038
Drugs, gases, medical and surgical supplies	3,224	3,632	3,289
Other contracted services	6,111	6,017	6,078
Interest on long-term debt	3	3	8
Other *	19,846	19,197	17,086
Amortization:			
Capital equipment - internally funded	860	810	899
Capital equipment - externally funded	898	952	885
Facilities and improvements	3,252	2,669	2,858
Loss (Gain) on disposal of capital assets	-	663	(15)
Write down of investments	-	356	-
Capital assets write down - equipment	-	2,031	-
Fair value of facilities provided by Province at zero cost	429	439	429
	<u>139,823</u>	<u>143,652</u>	<u>132,213</u>
Less amounts reported in ancillary operations (Note 15)	<u>(500)</u>	<u>(515)</u>	<u>(450)</u>
	<u>\$ 139,323</u>	<u>\$ 143,137</u>	<u>\$ 131,763</u>
*Other: Specify significant amounts below:			
1 Patient transportation		\$ 2,155	\$ 2,148
2 Utilities		2,790	2,291
3 Capital Upgrades		930	663
4 Laboratory supplies		1,201	1,047
5 Food supplies		1,055	1,072

**LAKELAND REGIONAL HEALTH AUTHORITY**  
**SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE**  
**YEAR ENDED MARCH 31, 2003**  
 (thousands of dollars)

Schedule 2

Schedule 2

	2003				2002			
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Severance (4)	Number of Individuals (1)	Salaries & Honoraria (2, 3)	Severance	Total
<b>Authority/Board Compensation</b>								
RHA Chairperson	1,00	\$ 20	\$ -	\$ 20	-	\$ -	\$ -	\$ 20
Ernie Isley	-	-	-	-	-	-	-	-
Orest Olhneck	1,00	5	-	5	-	-	-	5
Members								
Ernie Isley	-	-	-	-	-	-	-	-
Floyd Thompson	1,00	10	-	10	-	-	-	10
John Bennett	-	-	-	-	-	-	-	-
Margaret Wade	1,00	6	-	6	-	-	-	6
Eileen McQuaddery	-	-	-	-	-	-	-	-
Raymond Coates	1,00	6	-	6	-	-	-	6
John Pilipchuk	1,00	10	-	10	-	-	-	10
Maryann Arnold	1,00	6	-	6	-	-	-	6
Danny Smalel	1,00	8	-	8	-	-	-	8
Allan Buck	1,00	4	-	4	-	-	-	4
Monica Zenjuk	1,00	5	-	5	-	-	-	5
Patricia Palechuk	1,00	3	-	3	-	-	-	3
Steve Martin	-	-	-	-	-	-	-	-
<b>Total honoraria</b>	<b>12,00</b>	<b>\$ 80</b>	<b>\$ -</b>	<b>\$ 89</b>	<b>-</b>	<b>\$ 89</b>	<b>\$ -</b>	<b>\$ 89</b>

**LAKELAND REGIONAL HEALTH AUTHORITY**  
**SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE**  
**YEAR ENDED MARCH 31, 2001**  
 (thousands of dollars)

	2003				2002			
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Severance (4)	Number of Individuals (1)	Salaries & Honoraria (2, 3)	Severance	Total
<b>STAFF</b>								
Chief Executive Officer	1,00	\$ 134	\$ 29	\$ 183	1	\$ 69	\$ 243	\$ 133
Medical Officers or Other Medical Management	1,30	283	49	312	1	100	412	310
Regional Chief Financial Officer	1,00	115	21	136	-	-	136	133
Directors of Health Services	13,00	1,183	221	1,406	5	406	1,812	1,287
Other Management reporting to those above (2003 avg - \$108/2002 avg - \$92) (excluding severance)	55,18	3,874	724	4,598	6	248	4,846	4,670
Other Management (2003 avg - \$83/2002 avg - \$82) (excluding severance)	-	47	-	47	-	-	47	46
Medical Doctors not included above (2003 avg - \$70/2002 avg - \$65) (excluding severance)	330,13	20,693	3,866	24,559	-	24,559	338,52	23,236
Registered Nurses not included above (2003 avg - \$17/2002 avg - \$15) (excluding severance)	228,31	11,848	2,213	14,061	12	240	14,301	14,467
Other Health Technical & Professionals (2003 avg - \$27/2002 avg - \$25) (excluding severance)	231,05	6,684	1,249	7,933	-	-	7,933	7,998
Unpaid Health Service Providers (2003 avg - \$34/2002 avg - \$33)	369,61	11,843	2,213	14,056	40	377	14,433	12,197
Other Staff (2003 avg - \$38/2002 avg - \$37) (excluding severance)	1,250,78	56,706	10,585	67,291	65	1,431	68,722	64,455
<b>TOTAL OF SCHEDULE 2</b>	<b>1,262,28</b>	<b>\$ 66,975</b>	<b>\$ 10,585</b>	<b>\$ 77,560</b>	<b>65</b>	<b>\$ 1,431</b>	<b>\$ 68,991</b>	<b>\$ 64,555</b>

LAKELAND REGIONAL HEALTH AUTHORITY

SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE

YEAR ENDED MARCH 31, 2003

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

Regulated nurses	1921 hours per FTE
All other categories	2023 hours per FTE

The actual discrete number of individuals employed: 1,764 (2002 1,748).

- (2) Salary includes regular base pay, overtime, lump sum payments, 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 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, unemployment insurance, workers compensation, car benefits and allowances 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, continued payment for Authority/Board shared benefits identified in 2 above, that will continue to be paid.
- (6) The total amount is reported in Schedule 1 - Expenses by Object.