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Financial Statements of

PEACE REGIONAL HEALTH AUTHORITY

March 31, 2003

AUDITOR'S REPORT

To the Members of the Board of Peace Country Health
and the Minister of Health and Wellness

I have audited the statement of financial position of the Peace Regional Health Authority ("the Authority") as at March 31, 2003 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, 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 18, 2003

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PEACE REGIONAL HEALTH AUTHORITY
MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING
FINANCIAL STATEMENTS
MARCH 31, 2003

The accompanying financial statements are the responsibility of management and have been approved by Peace Country Health. 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 judgment.

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 Board. The Authority meets with management and the external auditor, **the Auditor General of Alberta** to discuss and review financial matters. The Auditor General has full and free access to the Board.

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 allow them to report on the fairness of the financial statements prepared by management.

[Original Signed]
 Dalton Russell
Chief Executive Officer

[Original Signed]
 Shawn Terlson
Chief Financial & Information Officer

PEACE REGIONAL HEALTH AUTHORITY
Statement of Financial Position
March 31, 2003
(thousands of dollars)

	2003	2002
ASSETS		
Current:		
Cash and temporary investments (Note 3)	\$ 137	\$ 3,215
Accounts receivable	561	966
Contributions receivable	103	335
Inventories	168	177
Prepaid expenses	20	119
Other assets (Note 6)	4	4
	<u>993</u>	<u>4,816</u>
Non-current cash and investments (Note 4)	4,274	18,582
Capital assets (Note 5)	66,195	57,814
Other assets (Note 6)	228	232
TOTAL ASSETS	<u>\$ 71,690</u>	<u>\$ 81,444</u>
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	\$ 3,527	\$ 2,995
Accrued vacation pay	1,637	1,713
Deferred contributions (Note 7)	443	340
	<u>5,607</u>	<u>5,048</u>
Deferred contributions (Note 7)	-	155
Deferred capital contributions (Note 8)	4,274	17,199
Unamortized external capital contributions (Note 9)	63,509	54,851
	<u>73,390</u>	<u>77,253</u>
Net assets		
Unrestricted (deficit)	(4,386)	-
Internally restricted (Note 10)	-	1,228
Investment in capital assets	2,686	2,963
	<u>(1,700)</u>	<u>4,191</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 71,690</u>	<u>\$ 81,444</u>

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

PEACE REGIONAL HEALTH AUTHORITY
Statement of Operations
March 31, 2003
(thousands of dollars)

	2003		2002
	Budget	Actual	Actual
	(Note 12)		
Revenues			
Alberta Health and Wellness contributions (Note 13)	\$ 29,449	\$ 29,715	\$ 29,020
Other government contributions (Note 14)	165	104	100
Fees and charges (Note 15)	1,618	1,828	1,549
Ancillary operations, net (Note 16)	55	62	78
Donations	200	205	105
Investment and other income (Note 17)	782	827	1,096
Amortization of external capital contributions (Note 9)	1,502	4,793	1,719
Gain on disposal of capital assets	-	-	6
TOTAL REVENUES	<u>33,771</u>	<u>37,534</u>	<u>33,673</u>
Expenses (Schedule 1)			
Facility-based inpatient acute care services	6,767	8,316	7,239
Facility-based emergency and outpatient services	1,854	1,854	2,240
Facility-based continuing care services	4,276	4,566	4,015
Community and home-based services	2,666	2,800	2,327
Diagnostic and therapeutic services	5,793	6,373	5,892
Promotion, prevention and protection services	2,104	2,118	2,126
Research and education	42	41	44
Administration (Note 18)	1,860	2,640	2,062
Information technology	310	738	892
Support services (Note 19)	7,086	10,104	7,788
Amortization of facilities and improvements	1,013	1,473	888
Capital assets write down (Note 20)	-	2,402	-
TOTAL EXPENSES	<u>33,771</u>	<u>43,425</u>	<u>35,513</u>
Deficiency of revenues over expenses	<u>\$ -</u>	<u>\$ (5,891)</u>	<u>\$ (1,840)</u>

PEACE REGIONAL HEALTH AUTHORITY
Statement of Cash Flows
March 31, 2003
(thousands of dollars)

	2003		2002
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities:			
Deficiency of revenues over expenses	\$ -	\$ (5,891)	\$ (1,840)
Non-cash transactions:			
Amortization of capital equipment - internally funded	460	444	485
- externally funded	487	929	842
Amortization of facilities and improvements	1,014	1,473	888
Amortization of external capital contributions (Note 9)	(1,501)	(4,804)	(1,730)
Loss on disposal of capital equipment	-	-	(6)
Write down of capital assets	-	2,402	-
Changes in non-cash working capital account	453	1,304	304
Cash generated from (used by) operations	913	(4,143)	(1,057)
Investing activities:			
Repayment of long-term advance	4	4	4
Purchase of capital assets:			
internally funded	-	(167)	(899)
externally funded - equipment (Note 9)	-	(850)	(2,510)
externally funded - facility and improvements (Note 9)	(10,000)	(12,612)	(8,043)
Boundary realignment assets acquired	-	-	(4,862)
Proceeds on sale of investments	-	-	8
Allocations to non-current cash	10,000	14,308	(7,240)
Cash generated from (used by) investing activities	4	683	(23,542)
Financing activities:			
Decrease in non-current deferred contributions	-	(155)	-
Capital contributions received	-	537	18,638
Repayment of capital contributions	-	-	(23)
Increase in amortized external capital contributions on boundary realignment	-	-	4,816
Increase in net assets on boundary realignment	-	-	46
Cash generated from financing activities	-	382	23,477
Increase (decrease) in cash and temporary investments	917	(3,078)	(1,122)
Cash and temporary investments, beginning of year	3,215	3,215	4,337
Cash and temporary investments, end of year	\$ 4,132	\$ 137	\$ 3,215

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PEACE REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2003
(thousands of dollars)

	2003			2002
	Unrestricted (deficit)	Internally Restricted (Note 10)	Invested in Capital Assets	Total
Deficiency of revenues over expenses	\$ (5,891)	\$ -	\$ -	\$ (5,891)
Capital assets purchased with internal funds	(167)	-	167	-
Amortization on internally funded capital assets	444	-	(444)	-
Boundary realignment	-	-	-	46
Net change	(5,614)	-	(277)	(5,891)
Transfer to unrestricted	1,228	(1,228)	-	-
Balance at beginning of year	-	1,228	2,963	4,191
Balance at end of year	\$ (4,386)	\$ -	\$ 2,686	\$ (1,700)
				\$ 4,191

PEACE REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
March 31, 2003

Note 1 Authority, Purpose and Operations

The Peace Regional Health Authority (the "Authority") was established 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 payment of income tax and is a registered charity under the Income Tax Act.

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

The Authority's operations include the following facilities and sites:
Manning Community Health Centre
Peace River Community Health Centre
Sacred Heart Community Health Centre
Grimshaw/Berwyn Community Health Centre

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. Following are the significant accounting policies:

(a) Basis of Presentation

(1) These financial statements were 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 receivable.

PEACE REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
March 31, 2003

Note 2 Significant Accounting Policies and Reporting Practices (continued)

- (ii)* 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.
- (iii)* Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.
- (iv)* Endowments and restricted contributions to purchase capital assets 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 restriction, 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 revenue 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)* Revenue 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.

PEACE REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
March 31, 2003

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) *Full cost (continued)*

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

PEACE REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
March 31, 2003

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) *Investments*

Temporary investments are recorded at lower of cost and 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 on a straight-line basis over the maturity period. Gains or losses on disposal are recognized in the period of disposal.

(e) *Financial Instruments*

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

(f) *Inventories*

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

(g) *Capital Assets*

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

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

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

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

PEACE REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
March 31, 2003

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(h) *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. Amounts recorded for accrued liabilities include estimates for obligations for which the terms are not yet determined. 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.

Note 3 Cash and Temporary Investments

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Cash	\$ 304	\$ 17,914
Guaranteed investment certificates	<u>4,107</u>	<u>3,883</u>
	<u>\$ 4,411</u>	<u>\$ 21,797</u>

Guaranteed investment certificates are as follows:

\$4,106,763 at an average rate of 6%, mature November 9, 2004.

Guaranteed investment certificates are guaranteed by the province of Alberta.

Cash and investments are presented on the statement of financial position as follows:

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Cash	\$ 137	\$ 3,215
Non-current cash and investments (Note 4)	<u>4,274</u>	<u>18,582</u>
	<u>\$ 4,411</u>	<u>\$ 21,797</u>

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.

PEACE REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
March 31, 2003

Note 3 Cash and Temporary Investments (continued)

To earn optimal financial returns at an acceptable level of risk, management has invested in five-year term certificates.

Note 4 Non-Current Cash and Investments

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Externally restricted for capital acquisitions	\$ 4,274	\$ 17,199
Health Aging Partnership Initiatives	-	155
Internally restricted for capital acquisitions	-	785
Internally restricted for community capital funds	<u>-</u>	<u>443</u>
	<u>\$ 4,274</u>	<u>\$ 18,582</u>

Note 5 Capital Assets

	<u>2003</u>		<u>2002</u>	
	(thousands of dollars)			
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 1,051	\$ -	\$ 1,051	\$ 1,051
Land Improvements	942	862	80	38
Buildings	50,554	11,550	39,004	18,631
Equipment	15,216	8,907	6,309	6,920
Construction in Progress	<u>19,751</u>	<u>-</u>	<u>19,751</u>	<u>31,174</u>
	<u>\$ 87,514</u>	<u>\$ 21,319</u>	<u>\$ 66,195</u>	<u>\$ 57,814</u>

Capital assets have been funded from the following sources:

	<u>2003</u>	<u>2002</u>
Externally funded (<i>unamortized external capital contributions</i>)	\$ 63,509	\$ 54,851
Internally funded (<i>invested in capital assets</i>)	<u>2,686</u>	<u>2,963</u>
	<u>\$ 66,195</u>	<u>\$ 57,814</u>

PEACE REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
March 31, 2003

Note 6 Other Assets

In 1999, the Authority advanced \$250,000 to the Falher and Area Community Association for professional services to finance a medical clinic. The advance is secured by a first charge on the land, building, furniture and equipment, and a general security agreement. Repayment terms require blended monthly payments of \$1,448 principal and interest at the rate of 5.75%, with an interest renewal date in April of the year 2003. The advance is payable over thirty years commencing in 1999. The principal balance owed at March 31, 2003 is \$232,000.

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Current portion	\$ 4	\$ 4
Long term portion	<u>228</u>	<u>232</u>
Total amount due to the Authority	<u>\$ 232</u>	<u>\$ 236</u>

PEACE REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
March 31, 2003

Note 7 Deferred Contributions

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Amounts received from:		
Alberta Health and Wellness	\$ 851	\$ 1,020
Other government	110	-
Donors	200	250
Amounts recognized as revenues:		
Alberta Health and Wellness (Note 13)	(962)	(890)
Other government (Note 14)	(104)	-
Donors	(205)	(88)
Amounts transferred (to) from deferred capital contributions	58	(1)
Change during the year	(52)	291
Balance, beginning of year	<u>495</u>	<u>204</u>
	<u>\$ 443</u>	<u>\$ 495</u>

Unspent amounts at the end of the year are restricted for the following purposes:

	<u>2003</u>	<u>2002</u>
Current:		
Archival blood project	\$ 25	\$ 25
Children's Health Initiative	6	3
CT Scan	234	181
Specialist on Call	22	-
Software licenses	4	4
Telehealth	50	26
Francophone	6	-
Young Family Wellness	<u>96</u>	<u>101</u>
	443	340
Long-term:		
Health Aging Partnership Initiatives	-	<u>155</u>
	<u>\$ 443</u>	<u>\$ 495</u>

PEACE REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
March 31, 2003

Note 8 Deferred Capital Contributions

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

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Amounts received:		
Restricted Alberta Health and Wellness contributions	\$ -	\$ 353
Restricted other government contributions	368	18,170
Transferred (to) from deferred contributions (Note 7)	(58)	1
Donations restricted for capital purposes	227	114
	<u>537</u>	<u>18,638</u>
Amounts repaid to Alberta Health and Wellness:	-	(23)
Transferred to:		
Unamortized external capital contributions (Note 9)	<u>(13,462)</u>	<u>(10,553)</u>
Change during the year	(12,925)	8,062
Balance, beginning of year	<u>17,199</u>	<u>9,137</u>
Balance, end of year	<u>\$ 4,274</u>	<u>\$ 17,199</u>

Balance at the end of the year is restricted for the following purposes:

Equipment replacement	\$ 1,048	\$ 1,246
Community funds restricted for capital purposes	150	831
New construction	<u>3,076</u>	<u>15,122</u>
	<u>\$ 4,274</u>	<u>\$ 17,199</u>

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PEACE REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
March 31, 2003

Note 9 Unamortized External Capital Contributions

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

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Balance, beginning of year	\$ 54,851	\$ 41,212
Transfers from deferred capital contributions (Note 8)	13,462	10,553
Transfers due to boundary realignment	-	4,816
	<u>68,313</u>	<u>56,581</u>
Less amounts recognized as revenue:		
Amortization of External capital contributions	(4,793)	(1,719)
Amortization - Ancillary operations	(11)	(11)
	<u>(4,804)</u>	<u>(1,730)</u>
Balance, end of year	<u>\$ 63,509</u>	<u>\$ 54,851</u>

Note 10 Internally Restricted Net Assets

The Authority has internally restricted the following amounts for:

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Future equipment replacement	\$ -	\$ 785
Community funds restricted for capital purposes	-	443
	<u>\$ -</u>	<u>\$ 1,228</u>

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PEACE REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
March 31, 2003

Note 11 Commitments and Contingencies

The Authority is replacing the Manning Community Health Centre with a new facility estimated to cost \$17.4 million. The Minister of Health and Wellness and the Minister of Infrastructure have committed the Province to full funding support. At March 31, 2003, the Authority has expended approximately \$15.2 million in construction costs and has unspent funds of approximately \$2.2 million provided by Alberta Infrastructure.

The Authority is replacing the Peace River Community Health Centre Continuing Care facility estimated to cost \$6 million. The Minister of Health and Wellness and the Minister of Infrastructure have committed the Province to full funding support. At March 31, 2003, the Authority has expended approximately \$4.2 million and has unspent funds of \$1.8 million provided by Alberta Infrastructure.

The costs for abatement and demolition of the continuing care facility, along with the former Peace River Hospital are estimated at \$1,200,000.

Note 12 Budget

The budget was approved by the Board of the Authority on May 6, 2002, and approved by the Minister of Health and Wellness on June 27, 2002.

Note 13 Alberta Health and Wellness Contributions

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Unrestricted contributions	\$ 28,753	\$ 28,130
Transfers from deferred contributions (Note 7)	<u>962</u>	<u>890</u>
	<u>\$ 29,715</u>	<u>\$ 29,020</u>

PEACE REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
March 31, 2003

Note 14 Other Government Contributions

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Federal government	<u>\$ 104</u>	<u>\$ 100</u>

Note 15 Fees and charges

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Acute care		
Non-entitled revenue - inpatients	\$ 145	\$ 69
Non-entitled revenue - outpatients	83	111
Other	4	87
Continuing care		
Accommodation charges	1,224	983
Federal government	13	12
Workers Compensation Board (WCB)	<u>359</u>	<u>287</u>
	<u>\$ 1,828</u>	<u>\$ 1,549</u>

PEACE REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
March 31, 2003

Note 16 Ancillary Operations

	<u>2003</u>			<u>2002</u>
	<u>Non-Patient Food Services Operations</u>	<u>Rental Operations</u>	<u>Total</u>	<u>Total</u>
	(thousands of dollars)			
Revenues				
Revenue	\$ 344	\$ 53	\$ 397	\$ 406
Amortization of external capital contributions	11	-	11	11
	<u>355</u>	<u>53</u>	<u>408</u>	<u>417</u>
Expenses				
Other expenses	258	68	326	319
Amortization	20	-	20	20
	<u>278</u>	<u>68</u>	<u>346</u>	<u>339</u>
Excess (deficiency) of revenues over direct expenses 2002/03	<u>\$ 77</u>	<u>\$ (15)</u>	<u>\$ 62</u>	<u>78</u>
Excess of revenues over direct expenses 2001/02	<u>\$ 76</u>	<u>\$ 2</u>	<u>\$ 78</u>	

Note 17 Investment and other income

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Investment income	\$ 268	\$ 344
Other income	<u>559</u>	<u>752</u>
	<u>\$ 827</u>	<u>\$ 1,096</u>

Investment income comprises interest on guaranteed investment certificates. Other income is comprised of miscellaneous recoveries, and miscellaneous fees for services rendered by the Authority.

PEACE REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
March 31, 2003

Note 18 Administration

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
General Administration	\$ 1,924	\$ 1,488
Finance	449	386
Personnel	<u>267</u>	<u>188</u>
	<u>\$ 2,640</u>	<u>\$ 2,062</u>

Note 19 Support services

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Amortization	\$ 208	\$ 187
Building maintenance, operations and security	3,592	1,570
Communications	400	337
Education	199	219
Housekeeping	1,183	1,128
Laundry and linen	782	490
Materials management	508	472
Patient food services	1,687	1,711
Patient health records	1,052	1,132
Patient transportation	430	475
Volunteer services	<u>63</u>	<u>67</u>
	<u>\$ 10,104</u>	<u>\$ 7,788</u>

Note 20 Capital assets write down

During the year the Authority recorded a write down of \$2,402,000 to reflect the change in estimate of the useful lives of existing acute care and long term care facilities.

PEACE REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
March 31, 2003

Note 21 Related Parties

(a) Province of Alberta

The Authority was established under the Regional Health Authorities Act. Two-thirds of the members of the Authority were elected. The Minister of Health and Wellness appointed the remaining members. Transactions between the Authority and the Province are disclosed in the Statement of Operations and in notes 7, 8, and 13 of these statements.

(b) Health Authorities

The Authority shares a common relationship with other Health Authorities through its relationship with the Province of Alberta.

(c) Foundations

The following controlled foundations, in which the Authority has an economic interest, are not consolidated in these statements:

Grimshaw/Berwyn Foundation

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Total assets	\$ 199	\$ 236
Total liabilities	<u>(1)</u>	<u>(1)</u>
Net assets	<u>\$ 198</u>	<u>\$ 235</u>
Revenues	\$ 14	\$ 19
Expenses	<u>50</u>	<u>7</u>
Excess (deficiency) of revenues over (expenses)	<u>\$ (36)</u>	<u>\$ 12</u>

PEACE REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
March 31, 2003

Note 21 Related Parties (continued)

(c) Foundations

Peace Health Region Foundation

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Total assets	\$ 80	\$ 15
Total liabilities	<u>-</u>	<u>-</u>
Net assets	<u>\$ 80</u>	<u>\$ 15</u>
Revenues	\$ 96	\$ 16
Expenses	<u>31</u>	<u>1</u>
Excess of revenues over expenses	<u>\$ 65</u>	<u>\$ 15</u>

	Contributions received by Peace Regional Health Authority		Resources held by Foundation	
	Year ended March 31,		at March 31, 2003	
	<u>2003</u>	<u>2002</u>	<u>Externally Restricted</u>	<u>Unrestricted</u>
	(thousands of dollars)			
Grimshaw/Berwyn	\$ -	\$ 25	\$ 5	\$ 193
Peace Health Region	<u>-</u>	<u>-</u>	<u>80</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 85</u>	<u>\$ 193</u>

Resources of the Grimshaw/Berwyn Foundation amounting to 5,000 have been restricted by donors for the exclusive use of Grimshaw/Berwyn facility.

Resources of the Peace Health Region Foundation amounting to 80,000 have been restricted by donors for the exclusive use of Manning, McLennan and Peace River facilities.

PEACE REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
March 31, 2003

Note 22 Pension Costs

The Authority participates in the Local Authorities Pension Plan which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Authority's annual contributions payable of \$909,000 for the year ended March 31, 2003 (2002 – \$748,000). At December 31, 2002, the Local Authorities Pension Plan reported a deficiency of \$444,980,000 (2001 - surplus of \$634,960,000).

Note 23 Boundary Realignment

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 Order #18 of 2003, effective April 1, 2003, the assets and liabilities of the Peace Regional Health Authority are assumed by the continuing region Mistahia Regional Health Authority, now operating as Peace Country Health including the potential future costs for abatement and demolition of the former Peace River hospital and continuing care facility, as detailed in Note 11.

Specified assets and liabilities are to be distributed at the carrying value by the Peace Regional Health Authority, on the basis of their location in, or relationship to the programs provided in, the geographical areas transferred to Peace Country Health.

The remaining insufficiency in net assets of Peace Regional Health Authority are 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 outcome of the allocation process is uncertain and the assumption of insufficiency of net assets, if any, may have a significant negative impact on the ongoing operation of Peace Country Health.

The allocation of the insufficiency of net assets of Peace 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 Peace Country Health are recorded in the financial statements (see Schedule 2).

PEACE REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
March 31, 2003

Note 24 Operating Deficit

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 \$5,891,000 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 23).

Note 25 Comparative Figures

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

Note 26 Trust Funds

The Authority holds funds in trust from continuing care patients. These amounts are not reported in the financial statements.

Note 27 Approval of Financial Statements

These financial statements have been approved by Peace Country Health.

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

Schedule 2

	2003						2002					
	Number of Individuals ⁽¹⁾	Salaries and Honoraria ⁽²⁾	Benefits and Allowances ⁽³⁾	Sub-total	Severance ⁽⁴⁾		Total	Number of Individuals ⁽¹⁾	Salaries, Honoraria and Benefits ⁽²⁾	Severance ⁽⁴⁾	Total	
					Number	Amount						
Authority/Board Compensation												
RHA Chairperson BETTY KRUSE	1	\$ 22	-	22	-	\$ -	1	\$ 13	-	-	\$ 13	
A. ATKINSON	-	4	-	4	-	-	1	1	-	-	1	
J. LAYTONE	1	6	-	6	-	-	1	4	-	-	4	
J. COLE	1	11	-	11	-	-	1	7	-	-	7	
D. FRITH	1	14	-	14	-	-	1	9	-	-	9	
K. GALL	1	11	-	11	-	-	1	10	-	-	10	
D. HARBOURNE	1	5	-	5	-	-	1	4	-	-	4	
C. JOHNSON	-	-	-	-	-	-	1	1	-	-	1	
C. JONES	-	-	-	-	-	-	1	1	-	-	1	
M. LABUCAN	1	8	-	8	-	-	1	5	-	-	5	
L. MEARDI	1	3	-	3	-	-	1	4	-	-	4	
F. TURCOTTE	-	-	-	-	-	-	1	8	-	-	8	
E. WALL	-	-	-	-	-	-	-	-	-	-	-	
Total honora	9	84	-	84	-	-	13	68	-	-	68	
Staff												
Chief Executive Officer	1	123	21	144	-	144	1	124	-	-	124	
Other management persons reporting to CEO												
Senior Management Team	1	105	18	123	1	152	1	99	-	-	99	
Senior Management Team	1	105	18	123	1	255	1	103	-	-	103	
Senior Management Team	1	105	18	123	-	123	1	104	-	-	104	
Senior Management Team	1	105	18	123	-	123	0.5	58	-	-	58	
Senior Management Team	8	759	130	889	1	1,016	8	727	-	-	727	
Other management person(s) reporting directly to those above (avg. 2003 \$99, avg. 2002 \$91) (excluding severance)	154.0	9,487	1,629	11,116	1	11,152	134.9	10,078	-	-	10,078	
Regulated nurses not included above (avg. 2003 \$72, avg. 2002 \$75) (excluding severance)	52.3	3,251	544	3,795	-	3,795	50.5	3,903	-	-	3,903	
Other health technical and professionals (avg. 2003 \$73, avg. 2002 \$77) (excluding severance)	83.4	2,494	428	2,922	4	3,035	81.0	2,476	-	-	2,476	
Unregulated health service providers (avg. 2003 \$33, avg. 2002 \$31) (excluding severance)	174.1	5,565	956	6,521	8	6,601	169.4	6,333	9	9	6,363	
Other staff (avg. 2003 \$7, avg. 2002 \$37)	485.8	22,183	3,780	25,963	16	26,570	448.3	24,023	9	9	24,105	
Total												

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PEACE REGIONAL HEALTH AUTHORITY
 Schedule 1
 Schedule of Expenses by Object
 March 31, 2003
 (thousands of dollars)

	Budget	2003	2002
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	\$ 24,642	\$ 26,570	\$ 24,103
Consulting services	850	1,672	1,870
Drugs, gases, medical and surgical supplies	810	1,398	1,271
Other *	5,500	8,883	6,393
Amortization:			
Capital equipment - internally funded	440	444	485
Capital equipment - externally funded	842	929	842
Facilities and improvements	1,013	1,473	888
Capital assets write down			
Facilities and improvements	-	2,402	-
	34,097	43,771	35,852
Less amounts reported in ancillary operations (Note 16)	(326)	(346)	(339)
	\$ 33,771	\$ 43,425	\$ 35,513
Other is made up of			
Patient transportation	\$ 430		
Food supplies	517		
Utilities	1,534		
Equipment maintenance	513		
Diagnostic and therapeutic supplies	394		
Other supplies	5,495		
	\$ 8,883		

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PEACE REGIONAL HEALTH AUTHORITY
Schedule of Salaries, Honoraria, Benefits
Allowance and Severance

Schedule 2 (continued)

March 31, 2003

(thousands of dollars)

1. Full time equivalent (FTE) is determined as follows:

Total actual discrete number of individuals employed: 726 (2002 - 731.)

2. Salaries include 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 employee benefits and contributions 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, workers compensation, and tuition.
4. Severance includes:
- All monies paid or payable directly or on behalf of an employee upon termination which are not included in salaries and benefits; and forgiveness of debt; future payments in the amount of \$nil on existing contracts between the Authority/Board and the employee(s) for services that no longer will be provided by the employee.
5. The total amount is reported in Schedule 1.

