

Peace Country Health

Financial Statements
March 31, 2009

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PEACE COUNTRY HEALTH
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
FINANCIAL STATEMENTS

March 31, 2009

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

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

The Region members carry out their responsibility for the financial statements through the Audit and Finance Committee. This Committee meets with management and the Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Alberta Health Services Board for approval upon finalization of the audit. The Auditor General of Alberta has full and free access to the Audit and Finance 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”

Dr. Stephen Duckett
President and Chief Executive Officer

“Original signed”

Chris Mazurkewich
Chief Financial Officer

“Original signed”

Mark De Croos
Executive Director, Finance

Auditor's Report

To the Members of the Alberta Health Services Board
and the Minister of Health and Wellness

I have audited the statement of financial position of the Peace Country Health Region (the Authority) as at March 31, 2009 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, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

“Original signed by Fred J. Dunn, FCA”

Auditor General

Edmonton, Alberta
June 11, 2009

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

Peace Country Health
Statement of Financial Position
March 31, 2009

(in thousands of dollars)

	2009	2008
	Actual	Actual (restated - Note 3)
ASSETS		
Current:		
Cash (Note 4)	\$ 11,058	\$ 19,361
Accounts receivable	6,706	5,781
Contributions receivable from Alberta Health and Wellness	734	2,518
Inventories	1,719	1,507
Prepaid expenses and deposits	4,604	2,524
	<u>24,821</u>	<u>31,691</u>
Non-current cash (Note 4)	19,302	11,541
Non-current receivables (Note 5)	892	4,305
Capital assets (Note 6)	210,868	214,275
	<u>210,868</u>	<u>214,275</u>
TOTAL ASSETS	\$ 255,883	\$ 261,812
LIABILITIES AND NET ASSETS (LIABILITIES)		
Current:		
Accounts payable and accrued liabilities	\$ 24,342	\$ 23,886
Accrued vacation pay	13,402	12,163
Deferred contributions (Note 7)	8,537	8,877
Current portion of long-term debt (Note 9)	346	348
	<u>46,627</u>	<u>45,274</u>
Deferred capital contributions (Note 8)	20,174	15,806
Long-term debt (Note 9)	4,740	5,103
Unamortized external capital contributions	191,231	195,534
Other liabilities (Note 6(a))	692	-
	<u>263,464</u>	<u>261,717</u>
Net Assets (liabilities)		
Accumulated deficit (Note 11)	(21,440)	(13,195)
Investment in capital assets	13,859	13,290
Operating net (liabilities) assets	<u>(7,581)</u>	<u>95</u>
Contingencies and commitments (Note 12)		
TOTAL LIABILITIES AND NET ASSETS (LIABILITIES)	\$ 255,883	\$ 261,812

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

Peace Country Health
Statement of Operations
March 31, 2009

(in thousands of dollars)

	2009		2008
	Budget (Note 13)	Actual	Actual (restated - Note 3)
Revenues			
Alberta Health and Wellness contributions (Note 14)	\$ 257,900	\$ 259,148	\$ 250,203
Other government contributions (Note 15)	810	2,478	925
Fees and charges	20,090	21,257	18,600
Ancillary operations (Note 16)	850	770	736
Donations	530	603	444
Investment and other income (Note 17)	7,080	8,862	9,053
Amortized external capital contributions	12,500	16,585	12,985
	<u>299,760</u>	<u>309,703</u>	<u>292,946</u>
TOTAL REVENUES	299,760	309,703	292,946
Expenses (Schedule 1)			
Inpatient acute nursing services	61,820	60,793	59,393
Emergency and outpatient services	26,870	26,893	23,703
Facility-based continuing care services	28,550	26,212	24,427
Ground Ambulance Discovery Project	14,700	15,016	13,451
Community-based care	12,490	13,429	10,567
Home care	19,440	19,608	17,803
Diagnostic and therapeutic services	52,330	55,572	49,836
Promotion, prevention and protection services	15,530	13,081	13,043
Research and education	-	16	16
Administration	15,650	14,063	14,523
Information technology	6,330	6,835	6,352
Support services	51,390	55,301	49,099
Amortization of facilities and improvements	8,500	10,560	8,534
Reversal of provision	-	-	(1,200)
	<u>313,600</u>	<u>317,379</u>	<u>289,547</u>
TOTAL EXPENSES	313,600	317,379	289,547
(Deficiency) excess of revenues over expenses	<u>\$ (13,840)</u>	<u>\$ (7,676)</u>	<u>\$ 3,399</u>

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

Peace Country Health
Statement of Changes in Net Assets
March 31, 2009

(in thousands of dollars)

	2009		2008	
	Accumulated deficit (Note 11)	Investment in capital assets	Total	Total (restated - Note 3)
Balance at beginning of year	\$ (13,195)	\$ 13,290	\$ 95	\$ (3,304)
(Deficiency) excess of revenues over expenses	(7,676)	-	(7,676)	3,399
Capital assets purchased with internal funds	(1,539)	1,539	-	-
Amortization of internally funded capital assets	1,168	(1,168)	-	-
Disposal of internally funded capital assets	23	(23)	-	-
Repayment of long-term debt	(221)	221	-	-
Balance at end of year	<u>\$ (21,440)</u>	<u>\$ 13,859</u>	<u>\$ (7,581)</u>	<u>\$ 95</u>

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

Peace Country Health
Statement of Cashflows
March 31, 2009

(in thousands of dollars)

	2009		2008
	Budget (Note 13)	Actual	Actual (restated - Note 3)
Cash generated from (used by):			
Operating activities:			
(Deficiency) excess of revenue over expenses	\$ (13,840)	\$ (7,676)	\$ 3,399
Non-cash transactions:			
Amortization of internally funded equipment	1,200	962	2,027
Amortization of externally funded equipment	4,200	6,189	5,097
Amortization of internally funded facilities and improvements	200	206	234
Amortization of externally funded facilities and improvements	8,300	10,354	8,318
Loss on sale of equipment	-	14	-
Amortized external capital contributions	(12,500)	(16,585)	(13,415)
Changes in non-cash working capital account	(4,275)	(78)	8,552
Cash generated (used by) from operations	<u>(16,715)</u>	<u>(6,614)</u>	<u>14,212</u>
Investing activities:			
Purchase of capital assets:			
Internally funded - equipment	(2,560)	(1,539)	(1,919)
Externally funded - equipment	(3,075)	(2,135)	(7,420)
Internally funded facilities and improvements	-	-	(91)
Externally funded - facility and improvements	(44,530)	(9,365)	(14,045)
Funded by long-term debt	-	-	(14)
Proceeds on sale of capital assets	-	51	-
Change in non-current cash	<u>11,541</u>	<u>(7,761)</u>	<u>(2,959)</u>
Cash used by investing activities	<u>(38,624)</u>	<u>(20,749)</u>	<u>(26,448)</u>
Financing activities:			
Capital contributions received	30,974	18,587	26,954
Change in non-current receivables	4,265	3,413	(1,983)
Capital contributions transferred from (to) deferred contributions	825	649	150
Capital contributions transferred to operations	-	(2,586)	(317)
Transfer to asset retirement obligation	-	(638)	-
Principal payments on long-term debt	(349)	(365)	(345)
Cash generated from financing activities	<u>35,715</u>	<u>19,060</u>	<u>24,459</u>
Increase (decrease) in cash	<u>(19,624)</u>	<u>(8,303)</u>	<u>12,223</u>
Cash, beginning of year	<u>19,361</u>	<u>19,361</u>	<u>7,138</u>
Cash, end of year	<u>\$ (263)</u>	<u>\$ 11,058</u>	<u>\$ 19,361</u>

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

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

1 Authority, purpose and operations

Peace Country Health (the "Region") was established on June 24, 1994, under the *Regional Health Authorities Act*, Chapter R-10, Revised Statutes of Alberta, 2000. The Region is a registered charity and is exempt from payment of income tax under Section 149 of the *Income Tax Act*. Effective April 1, 2009, the Region will be disestablished and all assets and liabilities will be transferred to Alberta Health Services ("AHS") (Note 21).

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

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

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

These financial statements do not include the assets, liabilities, and operations of any voluntary or private facilities providing health services in the region, except as disclosed in Note 18.

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

2 Significant accounting policies and reporting practices

a) Basis of Presentation

- i) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 34 issued by Alberta Health and Wellness. The significant accounting policies used in the preparation of these financial statements, including the accounting recommendations of Alberta Health and Wellness, are summarized below.
- ii) The Region participates in the Regional Shared Health Information Program ("RSHIP"), a special purpose, limited liability, not-for-profit company incorporated under the laws of Alberta. The purpose of RSHIP is to provide and manage a shared information systems infrastructure for the participating Health Authorities. The Region accounts for its 14.2% interest in RSHIP on a proportionate consolidation basis.
- iii) The Region uses the proportionate consolidation method to account for its 50% interest in each of the three Primary Care Networks:
 - Sexsmith Primary Care Network
 - West Peace Primary Care Network
 - Peace River Primary Care Network

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

2 Significant accounting policies and reporting practices (continued)

- iv) These financial statements use the deferral method of accounting for contributions, the key elements of which are:
- i) Unrestricted contributions are recognized as revenue in the year receivable.
 - ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year in which related expenses are incurred.
 - iii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and recognized as revenue in the period in which the related amortization expense of the funded capital asset is recorded.
 - iv) Restricted contributions for the purchase of capital assets that will not be amortized are recorded as direct increases to net assets.
 - v) Unrestricted investment income is recognized in the year it is earned.
 - vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets or is deferred and recognized as revenue in the year the related expenses are incurred.
 - vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

b) Capital Disclosure

Effective April 1, 2008, the Region implemented new capital disclosure requirements per section 1535 of the CICA Handbook. The Region's objectives for managing capital are:

- In the short term to safeguard the Region's financial ability to continue to deliver health services and
- In the long term to plan and to build sufficient physical capacity to meet future needs for health services.

The majority of the Region's operating funding is from Alberta Health and Wellness which is paid at the first of each month. As a result, significantly less working capital is required. The Region monitors its working capital and cash flow forecasts.

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

2 Significant accounting policies and reporting practices (continued)

Alberta Health and Wellness approves health care facilities based on long-term capital plans and provides the majority of the funding through one-time capital grants. The Region funds the required equipment and systems by a combination of allocating a portion of operating funds and obtaining external funding from charitable donations and capital grants. The Region borrows to finance capital investments related to ancillary operations since the department does not fund ancillary operations.

The Region complied with all debt covenants during the year.

Where a health region has incurred an accumulated deficit, legislation requires submission of a deficit elimination plan (Note 11).

c) Full Cost

The Region records the fair value of services for which it is responsible. Such fair value transactions include 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 Region. An equivalent amount is recorded as contracted health service operator expense of the Region.
- ii) Payments made by Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenues and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Region's health programs.
- iii) The fair value for use of acute care facilities not owned by the Region is recorded as revenue from other government contributions or from donations and as program expense, since contract payments from the Region 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 Region and provided to the Region at zero or nominal rent is recorded as other government contributions and as program expenses.
- 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 Region in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenues and expenses in these financial statements because fair value cannot be reasonably determined.

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

2 Significant accounting policies and reporting practices (continued)

d) Employee Future Benefits

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees based on years of service and earnings. Defined contribution plan accounting is applied where information is insufficient to apply defined benefit plan accounting. Pension costs comprise the employer's contributions during the year, based on rates expected to provide benefits payable under the pension plans.

The Region does not record its portion of the plan's deficit or surplus. The Region fully accrues its obligations for employee non-pension future benefits.

The Region provides a defined benefit Supplementary Retirement Plan to select senior executives. Costs of these benefits are actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and benefit coverage period. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. At March 31, 2009, there were no active members.

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

2 Significant accounting policies and reporting practices (continued)

e) Financial Instruments

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value depend upon the classification. Financial assets and financial liabilities classified as "held for trading" are measured at fair value with changes in those fair values recognized in the Statement of Operations or deferred contributions. Financial assets classified as "available for sale" are measured at fair value with changes in fair values recognized in the Statement of Changes in Net Assets or deferred contributions until realized, at which time the cumulative changes in fair value are recognized in the Statement of Operations. "Loans and receivables", financial liabilities classified as "other financial liabilities" and financial assets classified as "held to maturity" are measured at amortized cost using the effective interest method.

The Region has classified its financial assets and financial liabilities as follows:

<u>Financial Assets and Liabilities</u>	<u>Classification</u>
Cash	Held for trading
Accounts receivable, contributions receivable	Loans and receivables
Accounts payable and accrued liabilities, vacation payable	Other financial liabilities

The Region does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865 Hedges. The Region as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts.

When it is determined that an impairment of a financial instrument classified as available for sale is other than temporary, the cumulative loss that had been recognized directly in net assets or deferred contributions is removed and recognized in the Statement of Operations even though the financial asset has not been derecognized. Impairment losses recognized in the Statement of Operations for a financial instrument classified as available for sale are not reversed.

The carrying value of cash, accounts and contributions receivable, non-current receivables, accounts payable and accrued liabilities, and accrued vacation payable approximate their fair value because of the short term nature of these items. It is management's opinion that the region is not exposed to significant interest, current or credit risks arising from its financial instruments.

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

2 Significant accounting policies and reporting practices (continued)

f) Inventories

In June 2007 the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 Inventories which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

The Region adopted this new standard as of April 1, 2008 but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories for consumption or distribution at no charge are recorded at the lower of cost (defined as moving average cost) and current replacement cost. All other inventories are recorded at the lower of cost as calculated on a moving average, and net realizable value.

g) Capital Assets

Capital assets and capital projects in progress are recorded at cost. Capital assets are amortized on a straight-line basis over the estimated useful life of the asset as follows:

Land improvements	10 – 25 years
Buildings	20 – 40 years
Information systems	10 years
Major equipment	5 – 15 years

Capital assets with unit costs less than five thousand dollars are expensed. Capital projects in progress (work-in-progress) are not amortized until the project is complete. Leases transferring substantially all of the benefits and risks of ownership of capital assets are accounted for as acquisitions of capital assets financed by long-term obligations.

The Region is subject to regulations requiring the repair, removal and disposal of asbestos. The obligation, under these regulations meets the definition of a conditional asset retirement obligation. As a result of the longevity of the Region's facilities, due in part to The Region's maintenance procedures, and the fact that the Region does not have plans for major changes that would require the removal of asbestos, the timing of the removal of asbestos in the Region's facilities is indeterminable as at March 31, 2009. As a result the Region is currently unable to estimate the fair value of its asbestos removal and disposal obligation. Therefore, expenditures are recorded in accounts as they are incurred.

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.

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

3 Correction of Error

a) Prepaid Health Benefits

The Region established a self insured benefit plan for dental, extended health, and vision care for its employee group in 2006. The plan has accumulated a surplus which is a result of premiums paid being greater than claims submitted. Prior year comparative figures have been adjusted with retroactive effect to include the accumulated surplus less a reserve for unclaimed expenses of the benefit plan.

b) Information Systems Amortization

In 2006, the Region implemented a new integrated healthcare information system. The information system was recorded as a Capital Asset, however no amortization was recorded for 2006-07 and 2007-08. Prior year comparative figures have been adjusted with retroactive effect to include the impact of amortization of the information system.

Summary of the changes are as follows:

	2008	Benefit plan surplus	Meditech amortization	2008 (restated)	2007 (restated)
Assets	\$ 262,845	\$ 911	\$ (1,944)	\$ 261,812	\$ 246,076
Liabilities	262,626	-	(909)	261,717	249,380
Net Assets	219	911	(1,035)	95	(3,304)
Total Liabilities and Net Assets	\$ 262,845	\$ 911	\$ (1,944)	\$ 261,812	\$ 246,076
Revenues	\$ 292,467	\$ -	\$ 479	\$ 292,946	\$ 256,205
Expenses	288,112	365	1,070	289,547	268,217
Excess (Deficiency) of Revenues over Expenses	\$ 4,355	\$ (365)	\$ (591)	\$ 3,399	\$ (12,012)

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

4 Cash

	2009	2008
Cash	\$ 30,360	\$ 30,902
Classified as		
Current	\$ 11,058	\$ 19,361
Non-current	19,302	11,541
	<u>\$ 30,360</u>	<u>\$ 30,902</u>

Current cash represents amounts held for working capital purposes. Non-current cash represents amounts externally restricted for capital acquisitions.

5 Non-current receivables

	2009	2008
Other Health Regions	\$ 691	\$ 275
Natural Resources Canada	181	174
Non-current portion of receivable from physicians	20	40
Alberta Health and Wellness	-	2,912
Foundations	-	904
	<u>\$ 892</u>	<u>\$ 4,305</u>

The amounts due from Other Health Regions and Natural Resources Canada are for capital acquisitions. The amount due from a physician is related to a loan to a physician for recruitment purposes.

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

6 Capital assets

	Cost				
	Opening Balance	Transfers	Additions	Disposals	Closing Balance
	April 1, 2008				March 31, 2009
Land	\$ 2,072	\$ -	\$ -	\$ -	\$ 2,072
Land Improvements	9,754	443	27	-	10,224
Buildings	280,091	1,041	690	-	281,822
Major Equipment	89,266	891	2,441	(114)	92,484
Information Systems	9,719	-	161	-	9,880
Work-in-progress	12,999	(2,375)	11,050	-	21,674
	<u>\$ 403,901</u>	<u>\$ -</u>	<u>\$ 14,369</u>	<u>\$ (114)</u>	<u>\$ 418,156</u>

	Accumulated Amortization			
	Opening Balance	Current year amortization	Amortization on Disposals	Closing Balance
	April 1, 2008			March 31, 2009
	(restated - Note 3)			
Land	\$ -	\$ -	\$ -	\$ -
Land Improvements	8,159	226	-	8,385
Buildings	116,062	10,334	-	126,396
Major Equipment	63,461	6,131	(49)	69,543
Information Systems	1,944	1,020	-	2,964
Work-in-progress	-	-	-	-
	<u>\$ 189,626</u>	<u>\$ 17,711</u>	<u>\$ (49)</u>	<u>\$ 207,288</u>

	Net Book Value	
	2009	2008
	(restated - Note 3)	
Land	\$ 2,072	\$ 2,072
Land Improvements	1,839	1,595
Buildings	156,656	164,029
Major Equipment	22,941	25,805
Information Systems	6,916	7,775
Work-in-progress	20,444	12,999
	<u>\$ 210,868</u>	<u>\$ 214,275</u>

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

6 Capital assets (continued)

(a) Asset Retirement Obligation

The Region has recorded a liability for an asset retirement obligation of \$692 (2008 – nil). The asset retirement obligation represents the legal obligation associated with the removal of asbestos for renovations currently occurring at the Fairview Health Complex. The Region has also identified other asset retirement obligations for which the fair value cannot be reasonably estimated due to the indeterminate timing and scope of the removal. The asset retirement obligation for these assets will be recorded in the period in which there is sufficient information to estimate fair value.

(b) Funding

Capital assets have been funded from the following sources:

	2009	2008
Externally funded - unamortized external capital contributions	\$ 191,231	\$ 195,534
Internally funded - investment in capital assets	13,859	13,290
Financed by debt	5,086	5,451
Asset retirement obligation	692	-
	<u>\$ 210,868</u>	<u>\$ 214,275</u>

7 Deferred contributions

	2009	2008
Alberta Stroke Foundation	\$ 570	\$ 637
Continuing care grants	960	720
Donations to support delivery of health services	1,126	1,031
Health promotion coordination for health weights	548	483
Hip and Knee	808	-
Immunization Grants	427	407
Mental Health Innovation Fund	786	2,481
Pandemic supplies	1,213	1,213
Primary Care Networks	294	262
Telehealth clinical funding	911	637
Various Other	894	1,006
Total	<u>\$ 8,537</u>	<u>\$ 8,877</u>

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

8 Deferred capital contributions

The balance at the end of the year is restricted for the following purposes:

	2009	2008
Improvement of capital assets	\$ 10,130	\$ 4,283
New construction	7,910	9,273
Equipment replacement	2,134	2,250
	<u>\$ 20,174</u>	<u>\$ 15,806</u>

9 Long-term debt

	2009	2008
Debenture	\$ 3,062	\$ 3,250
Mortgages payable	2,022	2,166
Obligations under capital leases	2	35
	5,086	5,451
Less: current portion	346	348
Non-current portion	<u>\$ 4,740</u>	<u>\$ 5,103</u>

Future payments for the year ended March 31:

	Debenture	Mortgages payable	Obligations under capital lease	Total
2010	\$ 196	\$ 149	\$ 1	\$ 346
2011	205	154	-	359
2012	215	159	-	374
2013	225	164	-	389
2014	235	169	-	404
2015 and thereafter	1,986	1,228	-	3,214
	<u>\$ 3,062</u>	<u>\$ 2,023</u>	<u>\$ 1</u>	<u>\$ 5,086</u>

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

9 Long-term debt (continued)

The debenture matures in 2021, has an annual rate of 4.6% and is repayable in blended semi-annual payments of \$167.

The terms of the mortgages payable are as follows:

Mortgage 1 is secured by a demand promissory note in the amount of \$2,164, real property with a carrying value of \$1,670, assignment of insurance on the property and a general security agreement. It is repayable in blended monthly payments of \$15.5, including interest at a rate of Prime + 0.5%, and matures March, 2020.

Mortgage 2 is secured by a demand promissory note in the amount of \$350, real property with carrying value of \$499, assignment of insurance on the property and a general security agreement. It is repayable in blended monthly payments of \$2.5, including interest at a rate of 5.90%, and matures December, 2023.

The only remaining capital lease expires in April of 2009. The implicit interest rate payable on this lease is 17.7%.

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

10 Long-Term Employee Benefits

(a) Supplementary Retirement Plan

The Region participated in a Supplemental Retirement Plan for a select group of employees. Benefits were based on 2.00% of the member's highest average earnings over a 60 consecutive month period less the average of the maximum pensionable earnings as determined under the provisions of the Local Authorities Pension Plan over the last 60 consecutive month period multiplied by the member's credited service under the Supplemental Retirement Plan.

	<u>2009</u>	<u>2008</u>
Accrued benefit obligation		
Accrued obligation, beginning of year	\$ 581	\$ 396
Current service cost	27	60
Interest cost	15	23
Actuarial loss (gain)	(62)	102
Benefit payments	(561)	-
Accrued obligation, end of year	<u>\$ -</u>	<u>\$ 581</u>
Reconciliation of funded status of accrued benefit asset / liability		
Funded status of plan (deficit)	\$ -	\$ (581)
Unamortized actuarial loss (gain)	-	-
Unamortized prior service costs	-	-
Accrued benefit asset (liability)	<u>\$ -</u>	<u>\$ (581)</u>
Current service cost	\$ 27	\$ 60
Interest cost	15	23
Amortization of prior service costs	-	160
Amortization of net actuarial loss (gain)	(62)	88
Benefit cost	<u>\$ (20)</u>	<u>\$ 331</u>

Actuarial Valuation

No valuation was performed at March 31, 2009 as the Supplemental Retirement Plan had no plan members or beneficiaries.

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

10 Long-Term Employee Benefits (continued)

b) Pension Expense

The Region 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 Region's annual contributions payable of \$11,713 for the year ended March 31, 2009 (2008 \$10,312).

At December 31, 2008, the Local Authorities Pension Plan reported an actuarial deficiency of \$4,413,971 (2007 \$1,183,334).

11 Accumulated Deficit

The Region has reported an accumulated deficit at each of March 31, 2009 and 2008. Per Alberta Regulation 15/95 of the Regional Health Authorities Act, AHS will provide the Minister with a plan, in writing, that is satisfactory to the Minister, to eliminate the net accumulated deficit of all health regions combined, within three years of incurrence.

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

12 Contingencies and Commitments

Commitments

a) Contracts

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

	<u>Service/ maintenance contracts</u>	<u>Specific program commitments</u>	<u>Equipment leases</u>	<u>Total</u>
2010	\$ 1,107	\$ 8,758	\$ 333	\$ 10,198
2011	867	7,738	223	8,828
2012	754	7,617	84	8,455
2013	567	7,273	9	7,849
2014 and thereafter	316	6,797	1	7,114
	<u>\$ 3,611</u>	<u>\$ 38,183</u>	<u>\$ 650</u>	<u>\$ 42,444</u>

b) Capital Projects

The Region is contractually committed to \$49,016 for capital projects.

Contingencies

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

13 Budget

The budget was prepared by management and submitted to the Minister of Health and Wellness on June 19, 2008. Over the course of the fiscal year, the Minister provided additional funding of \$8,834. Management has allocated these additional resources to address funding expectations.

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

14 Alberta Health and Wellness contributions

	2009	2008
Unrestricted contributions	\$ 242,927	\$ 237,482
Transfers from deferred contributions	12,953	12,380
Transfers from deferred capital contributions	2,586	317
Primary Care Network Consolidation	682	310
Write-off of ambulance Discovery Project receivable	-	(286)
	<u>\$ 259,148</u>	<u>\$ 250,203</u>

15 Other government contributions

	2009	2008
Alberta Government		
Fair value of rent for non-acute care used by the Region	\$ 755	\$ 864
Transition Grant from East Central Health (Note 20)	1,073	-
Provincial Cardiac Access	355	23
Provincial Trauma Emergency	103	-
Hip and Knee	101	-
Alberta Cancer Board	91	15
Alberta Alcohol and Drug Abuse Commission	-	23
	<u>\$ 2,478</u>	<u>\$ 925</u>

16 Ancillary operations

	2009				2008	
			Excess of		Excess of	
			Revenues		Revenues	
			over		over	
	Revenues	Direct Expenses	Amortization Expense	Expenses	Revenues	Expenses
Parking operations	\$ 363	\$ 1	\$ -	\$ 362	\$ 348	\$ 238
Rental/other operations	407	132	18	257	388	319
Total	<u>\$ 770</u>	<u>\$ 133</u>	<u>\$ 18</u>	<u>\$ 619</u>	<u>\$ 736</u>	<u>\$ 557</u>

Ancillary expenses are reported in Support Services in the Statement of Operations.

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

17 Investment and other income

	2009	2008
Investment income	\$ 294	\$ 406
Grant income	760	681
Other income	7,808	7,966
	<u>\$ 8,862</u>	<u>\$ 9,053</u>

Investment income comprises of interest on bank deposits.

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

18 Related parties

a) Province of Alberta

The Region is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the board members. The Region is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry.

b) Health Regions

The Region had the following transactions with other health regions recorded on the Statements of Operations and Financial Position at the amounts of consideration agreed upon between the related parties.

	2009				2008			
	Revenue	Expense	Receivable	Payable	Revenue	Expense	Receivable	Payable
Other regional health authorities and provincial health boards	\$ 2,257	\$ 150	\$ 1,762	\$ -	\$ 1,372	\$ 179	\$ 161	\$ 914

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

18 Related parties (continued)

c) Regional Shared Health Information Program ("RSHIP")

The seven non-metro health regions (list) have entered into an agreement under the name Regional Shared Health Information Program ("RSHIP"), to develop and implement a common, integrated health information system. This standard system will integrate with Alberta's Provincial Electronic Health Record ("EHR") initiative.

	2009	2008
AHW Funding	\$ 161	\$ 241
Health region contribution	566	1,537
Total	<u>\$ 727</u>	<u>\$ 1,778</u>
<u>Reported as follows:</u>		
Expenses	\$ 566	\$ 800
Capital assets	161	978
Total	<u>\$ 727</u>	<u>\$ 1,778</u>

d) Primary Care Networks

The Region's share of the Sexsmith, West Peace and Peace River Primary Care Networks are included in the financial statements under the proportionate consolidation method.

	Health region's 50% share	
	2009	2008
Opening Balance	\$ 262	\$ -
Contributions from AHW	714	572
Amounts recognized as revenue	(682)	(310)
Amounts deferred	<u>\$ 294</u>	<u>\$ 262</u>

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

18 Related parties (continued)

e) Foundations

The Region has an economic interest in the following Foundations. These Foundations raise funds to benefit The Region and other health related entities and are registered charities under the Income Tax Act:

Beaverlodge Hospital Foundation
 Fairview Health Complex Foundation
 Grande Cache Hospital Foundation
 Grimshaw/Berwyn & District Hospital Foundation
 Hythe Nursing Home Foundation
 Peace Health Foundation
 Queen Elizabeth II Hospital Foundation
 Valleyview Health Care Foundation

f) Contracts with Health Service Providers

The Region has an economic interest through its contracts with voluntary and private health services providers in the region. Funding was provided as follows:

	2009			2008		
	Voluntary Health Service Providers	Private Health Service Providers	Total	Voluntary Health Service Providers	Private Health Service Providers	Total
Direct Region funding	\$ 505	\$ 8,407	\$ 8,912	\$ 502	\$ 6,519	\$ 7,021
Fees and charges	-	1,756	1,756	-	1,447	1,447
Total	<u>\$ 505</u>	<u>\$ 10,163</u>	<u>\$ 10,668</u>	<u>\$ 502</u>	<u>\$ 7,966</u>	<u>\$ 8,468</u>

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

19 Trust funds

The Region holds funds in the amount of \$410 (2008 - \$487) on behalf of its continuing care clients, the Queen Elizabeth II Hospital Child Care Centre, Rural Regional Health Authorities, and the Sexsmith Primary Care Network. These amounts are not reported in the statements.

	2009	2008
Cancer Care Clinics	33	117
Continuing Care Clients	287	275
QEII Child Care Centre	44	26
Rural Regional Health Authorities	8	43
Sexsmith Primary Care Network	38	26
Total	<u>\$ 410</u>	<u>\$ 487</u>

20 Transition Costs

As at March 31, 2009, the Region recorded incremental transition costs and restructuring charges related to the transition to Alberta Health Services consisting of severance costs and termination benefits (Schedule 2). These charges are included in Administration in the Consolidated Statement of Operations.

	Severance		
	Related Charges	Other	Total
Liability as at March 31, 2008	\$ 321	\$ -	\$ 321
Expenses	683	84	767
Payments made during the year	(1,004)	(84)	(1,088)
Liability as at March 31, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Unfunded SRP	<u>\$ 306</u>	<u>\$ -</u>	<u>\$ 306</u>

East Central Health received \$80 million in funding from Alberta Health and Wellness for the costs of Alberta Health Services transitioning and the Region has recorded a receivable from East Central Health for the transition costs incurred as described above.

Peace Country Health
Notes to Financial Statements
March 31, 2009

(in thousands of dollars)

20 Transition Costs (continued)

Unfunded SRP – The transition grant restrictions include payments for the unfunded status of the Region's Supplemental Retirement Plan. The Region has also recorded a current receivable from East Central Health for the amount of any lump sum payments during the year as a part of the termination package.

21 New Governance Structure

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of the health services delivery system in Alberta. A single common board replaced the board members of each of Alberta's nine regional health authority boards, Alberta Mental Health Board, Alberta Cancer Board, and Alberta Alcohol and Drug Abuse Commission (AADAC). Effective April 1, 2009, all of these entities including the Region but excluding East Central Health will be disestablished and all of the assets, liabilities, rights, and obligations of these entities, including the Region, will be assumed by East Central Health whose name will change to Alberta Health Services ("AHS").

22 Comparative figures

Certain 2008 figures have been reclassified and restated to conform to 2009 presentation.

23 Approval of financial statements

These financial statements have been approved by the Alberta Health Services Board.

Peace Country Health
Schedule of Expenses by Object
March 31, 2009

Schedule 1

(in thousands of dollars)

	2009		2008
	Budget (Note 13)	Actual	Actual (restated - Note 3)
Salaries and Benefits (Schedule 2)	\$ 218,300	\$ 211,625	\$ 196,188
Contracts with health service providers (Note 18)	9,500	10,668	8,468
Drugs and gases	5,190	4,832	4,991
Medical and surgical supplies	6,460	6,845	6,149
Other contracted services	19,440	23,066	19,508
Interest on long-term debt	250	256	288
Other *	40,560	42,362	40,353
Amortization:			
Capital equipment - internally funded	1,200	962	1,583
Capital equipment - externally funded	4,200	6,189	4,667
Facilities and improvements - internally funded	200	206	234
Facilities and improvements - externally funded	8,300	10,354	8,318
Loss on disposal	-	14	-
Reversal of provision	-	-	(1,200)
	<u>\$ 313,600</u>	<u>\$ 317,379</u>	<u>\$ 289,547</u>

	2009		2008
	Budget	Actual	Actual
Other: Significant amounts include			
Building and Grounds Maintenance	\$ 2,850	\$ 5,667	\$ 3,254
Diagnostic and therapeutic supplies	3,125	3,658	3,473
Equipment expenses	6,524	7,430	6,500
Food supplies	2,353	2,651	2,422
Recruitment and relocation	3,034	2,341	3,707
Utilities	5,547	6,176	5,496
Other	17,127	14,439	15,501
	<u>\$ 40,560</u>	<u>\$ 42,362</u>	<u>\$ 40,353</u>

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Peace Country Health
Schedule of Honoraria, Benefits, Allowances, and Severance
March 31, 2009

Schedule 2

	2009							2008			
	Number of FTE's (1)	Base Salary (2)	Other Cash Benefits (3)	Other Cash Benefits (4)(11)	Non-Sub Total	Number of Individuals	Severance (5)	Total	Number of FTE's (1)	Total	
Board Chair (6)											
Ken Hughes - AHS	0.88	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	-
Marvin Moore	0.12	-	9	-	9	-	-	9	1.00	52	
Board Members (6)											
Jack Ady - AHS	0.88	-	-	-	-	-	-	-	-	-	
Pierre Crevolin - AHS	0.21	-	-	-	-	-	-	-	-	-	
Catherine Roozen - AHS	0.63	-	-	-	-	-	-	-	-	-	
Linda Hohol - AHS	0.88	-	-	-	-	-	-	-	-	-	
John Lehnert - AHS	0.88	-	-	-	-	-	-	-	-	-	
Irene Lewis - AHS	0.88	-	-	-	-	-	-	-	-	-	
Don Sieben - AHS	0.88	-	-	-	-	-	-	-	-	-	
Lori Andreachuk - AHS	0.33	-	-	-	-	-	-	-	-	-	
Gord Bontje - AHS	0.33	-	-	-	-	-	-	-	-	-	
Teri Lynn Bougie - AHS	0.33	-	-	-	-	-	-	-	-	-	
Jim Clifford - AHS	0.33	-	-	-	-	-	-	-	-	-	
Strater Crowfoot - AHS	0.33	-	-	-	-	-	-	-	-	-	
Tony Franceschini - AHS	0.33	-	-	-	-	-	-	-	-	-	
Andreas Laupacis - AHS	0.33	-	-	-	-	-	-	-	-	-	
Gord Winkel - AHS	0.33	-	-	-	-	-	-	-	-	-	
Claudia Buck	0.12	-	6	-	6	-	-	6	1.00	17	
Dennis Grant	0.12	-	6	-	6	-	-	6	1.00	13	
Delphine Harbourne	0.12	-	4	-	4	-	-	4	1.00	16	
Andre Harpe	0.12	-	6	-	6	-	-	6	1.00	19	
Milton Hommy	0.12	-	5	-	5	-	-	5	1.00	15	
Wayne Jacques	0.12	-	5	-	5	-	-	5	1.00	10	
Rose Kasinec	0.12	-	3	-	3	-	-	3	1.00	14	
Betty Kruse	0.12	-	5	-	5	-	-	5	1.00	20	
Lawrence Meardi	0.12	-	2	-	2	-	-	2	1.00	12	
Jean Rycroft	0.12	-	5	-	5	-	-	5	1.00	14	
Marie Saville	0.12	-	6	-	6	-	-	6	1.00	16	
Brenda Strom	0.12	-	11	-	11	-	-	11	1.00	18	
Sub-total	10.32	\$ -	73	\$ -	73	-	\$ -	73	13.00	\$ 236	

Peace Country Health
Schedule of Honoraria, Benefits, Allowances, and Severance
March 31, 2009

Schedule 2
(continued)

	2009									2008	
	Number of FTE's (1)	Base Salary (2)	Other Cash Benefits (3)	Other Cash Benefits (4)(11)	Non-Sub Total	Number of Individuals	Severance (5)	Total	Number of FTE's (1)	Total	
Board Direct Reports (7)											
President and Chief Executive Officer - AHS (8)	0.02	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	-
Interim Chief Executive Officer - AHS (8)	0.88	-	-	-	-	-	-	-	-	-	-
Chief Executive Officer (8)(9)	0.27	65	35	-	100	1.00	485	585	1.00	360	
Medical Officer of Health	1.00	304	-	29	333	-	-	333	1.00	321	
Senior Capital Projects Manager	0.46	91	17	33	141	1.00	104	245	1.00	380	
CEO Direct Reports (10)											
Vice President, Health Services (Urban)	1.00	187	18	35	240	-	-	240	1.00	223	
Vice President, Health Services (Rural)	1.00	187	18	31	236	-	-	236	1.00	223	
Vice President, Medical & Legal Services	1.00	187	18	20	225	-	-	225	1.00	226	
Vice President, Finance & Corporate Services	0.79	147	18	-	165	1.00	94	259	0.83	194	
Chief Information Officer	1.00	135	-	15	150	-	-	150	1.00	148	
Vice President, Regional Health Services	-	-	-	-	-	-	-	-	0.25	161	
Vice President, Medical Affairs	-	-	-	-	-	-	-	-	0.00	142	
Organizational Change Consultant	-	-	-	-	-	-	-	-	0.38	61	
	<u>7.42</u>	<u>1,303</u>	<u>124</u>	<u>163</u>	<u>1,590</u>	<u>3.00</u>	<u>683</u>	<u>2,273</u>	<u>8.46</u>	<u>2,439</u>	
Total Board and Executive	<u>17.74</u>	<u>\$ 1,303</u>	<u>\$ 197</u>	<u>\$ 163</u>	<u>\$ 1,663</u>	<u>3.00</u>	<u>\$ 683</u>	<u>\$ 2,346</u>	<u>21.46</u>	<u>\$ 2,675</u>	
Board and Executive	17.74	\$ 1,303	\$ 197	\$ 163	\$ 1,663	3.00	\$ 683	\$ 2,346	21.46	\$ 2,675	
Management reporting to CEO direct reports	8.00	1,075	26	194	1,295	-	-	1,295	7.58	1,160	
Other management	103.08	10,003	191	1,817	12,011	-	-	12,011	109.41	12,424	
Regulated nurses not included above*											
- RNs, Reg. Psych. nurses, Grad nurses	552.82	46,914	5,764	8,735	61,413	-	-	61,413	566.67	59,531	
- LPNs	210.81	12,417	792	2,181	15,390	-	-	15,390	219.28	14,242	
Other health technical & professionals	531.88	36,039	5,377	7,603	49,019	-	-	49,019	504.35	42,812	
Unregulated health service providers	333.97	14,681	367	2,352	17,400	-	-	17,400	328.84	15,390	
Other staff	910.03	44,014	1,315	8,090	53,419	-	-	53,419	900.45	48,791	
Grand Total (12)	<u>2668.32</u>	<u>\$ 166,446</u>	<u>\$ 14,029</u>	<u>\$ 31,135</u>	<u>\$ 211,610</u>	<u>3.00</u>	<u>\$ 683</u>	<u>\$ 212,293</u>	<u>2658.04</u>	<u>\$ 197,025</u>	

Peace Country Health

Schedule of Honoraria, Benefits, Allowances, and Severance... Continued
For the year ended March 31, 2009

Schedule 2

(in thousands of dollars)

- (1) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed: 4,891 (2008 – 4,127). “Discrete” number of individuals refers to all employees who were in the system during the fiscal year.
- (2) Base salary includes pensionable base pay.
- (3) Other cash benefits include bonuses, overtime, lump sum payments and honoraria.
- (4) Other non-cash benefits include:
 - a) Employer’s current and prior service cost of supplementary retirement plans per note (12) below.
 - b) Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, Canada Pension Plan, Employment Insurance, and Worker’s Compensation Board premiums
- (5) Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- (6) On May 15, 2008, the Region’s board, along with the other regional health authority boards, was replaced by the Alberta Health Services (“AHS”) interim board according to Ministerial Order 50/2008. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Salaries and benefits of the AHS board members are reported and disclosed in the financial statements of East Central Health.
- (7) Board Direct Reports reflect FTE’s and costs for the entire 08-09 fiscal year based on the titling and positioning that existed as at May 15, 2008.
- (8) On July 8, 2008 the Region’s CEO was terminated. The Interim CEO – AHS was appointed effective May 15, 2008 to manage the operations of the health regions, provincial boards and Alberta Alcohol and Drug Abuse Commission and to effect their transition to a single provincial health authority. Salary and benefits of the Interim CEO – AHS are reported and disclosed in the financial statements of East Central Health. The President and CEO – AHS was appointed effective March 23, 2009. Salary and benefits of the President and CEO – AHS are reported and disclosed in the financial statements of East Central Health.
- (9) The Chief Executive Officer is provided with an automobile allowance. The amount of the allowance is included in other cash benefits.
- (10) CEO Direct Reports reflect FTE’s and costs for the 08-09 fiscal year based on the titling and positioning that existed at July 8, 2009.

Peace Country Health

Schedule of Honoraria, Benefits, Allowances, and Severance... Continued
For the year ended March 31, 2009

Schedule 2

(in thousands of dollars)

(11) Supplementary Retirement Plan (SRP)

Under the terms of the supplementary retirement plan, executive officers may receive supplemental retirement payments. Retirement arrangements costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. SRP provides future pension benefits to participants based on years of service and earnings.

	2009			2008
	Current Service Cost	Prior Service and Other Costs	Total	Total
Expensed to Operations				
Chief Executive Officer	\$ 10	\$ (49)	\$ (39)	\$ 53
Retired Members				
Vice President, Medical Affairs	-	(5)	(5)	142
	10	(54)	(44)	195
Included in Capital Assets				
Senior Capital Projects Manager	17	7	24	136
	<u>\$ 27</u>	<u>\$ (47)</u>	<u>\$ (20)</u>	<u>\$ 331</u>

The accrued obligation for each executive under the SERP is outlined in the following table:

	Accrued obligation March 31, 2008	Change in accrued obligation	Benefit Payments	Accrued obligation March 31, 2009
Chief Executive Officer	\$ 73	\$ (39)	\$ (34)	\$ -
Senior Capital Projects Manager	248	24	(272)	-
Retired Members				
Vice President, Medical Affairs	260	(5)	(255)	-
	<u>\$ 581</u>	<u>\$ (20)</u>	<u>\$ (561)</u>	<u>\$ -</u>

Peace Country Health
Schedule of Honoraria, Benefits, Allowances, and Severance... *Continued*
For the year ended March 31, 2009

Schedule 2

(in thousands of dollars)

Based on future SERP compensation benefits described above, the following schedule outlines pension income received by individuals within the 2008-09 fiscal period:

Name	Pension Income	Frequency	Term
Chief Executive Officer	34	Lump Sum	One Time
Senior Capital Projects Manager	272	Lump Sum	One Time
Retired Members			
Vice President, Medical Affairs	255	Lump Sum	One Time

(12) Schedule 2 Grand Total Salaries and Benefits

Total on Schedule 2 Salaries & Benefits includes salary and benefits expense to operating and capital.
 Breakdown by Schedule 2 category as follows:

	<u>2009</u>	<u>2008</u>
Expensed to Operations	\$ 211,625	\$ 196,188
Expensed to Capital	<u>668</u>	<u>837</u>
Total as per Schedule 2	<u>\$ 212,293</u>	<u>\$ 197,025</u>

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