

**DAVID THOMPSON
HEALTH REGION**

**CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2009
and
AUDITOR'S REPORT**

**DAVID THOMPSON HEALTH REGION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009**

Statement of Management's Responsibility for Financial Reporting

Auditor's Report

Consolidated Statement of Financial Position

Consolidated Statement of Operations

Consolidated Statement of Changes in Net Assets

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements

Schedule 1 Consolidated Schedule of Expenses by Object

Schedule 2 Consolidated Schedule of Salaries and Benefits

David Thompson Health Region
 Management's Responsibility for Financial Reporting
 March 31, 2009

The accompanying final consolidated financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The consolidated 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 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, procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides 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 Region members carry out their responsibility for the consolidated financial statements through the Audit and Finance Committee. This Committee meets with management and the Office of the Auditor General of Alberta to review financial matters, and recommends the final consolidated financial statements to the Alberta Health Services Board for approval upon finalization of the audit. The Office of the Auditor General of Alberta has free access to the Audit and Finance Committee.

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

"Original signed"	"Original signed"	"Original signed"
_____ Bryan Judd Chief Financial Officer	_____ Chris Mazurkewich Chief Financial Officer	_____ Dr. Stephen Duckett President & Chief Executive Officer
David Thompson Health Region June 11, 2009	Alberta Health Services June 11, 2009	Alberta Health Services June 11, 2009

Auditor's Report

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

I have audited the consolidated statement of financial position of the David Thompson Health Region (the Authority) as at March 31, 2009 and the consolidated 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 consolidated 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.

The financial statements as at March 31, 2008 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated April 28, 2008.

"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."

David Thompson Health Region
Consolidated Statement of Financial Position
March 31, 2009
(thousands of dollars)

	2009	2008 (Restated) (Note 21)
<u>ASSETS</u>		
Current:		
Cash and investments (Note 3)	\$ 99,825	\$ 83,368
Accounts receivable	14,111	17,817
Contributions receivable from Alberta Health and Wellness	5,898	6,103
Inventories	6,976	6,166
Prepaid expenses	1,317	2,063
	128,127	115,517
Non-current cash and investments (Note 3)	20,674	39,119
Capital assets (Note 4)	414,194	421,885
Loans - continuing care partnership projects (Note 5)	26,213	20,656
Other assets (Note 6)	664	828
	664	828
TOTAL ASSETS	\$589,872	\$598,005
<u>LIABILITIES AND NET ASSETS</u>		
Current:		
Accounts payable and accrued liabilities	\$ 60,051	\$ 45,455
Accrued vacation pay	25,890	23,664
Deferred contributions (Note 7)	68,767	38,883
Current portion of long-term debt (Note 9)	179	125
	154,887	108,127
Deferred capital contributions (Note 8)	5,961	18,538
Deferred contributions - continuing care partnership projects	40,926	41,237
Long-term debt (Note 9)	262	326
Unamortized external capital contributions (Note 4)	379,339	389,842
	581,375	558,070
Net assets		
Accumulated (deficit) surplus (Note 11)	(25,492)	8,678
Investment in capital assets from internally funded sources (Note 4)	33,989	31,167
Cumulative net unrealized gains on investments	-	90
	8,497	39,935
TOTAL LIABILITIES AND NET ASSETS	\$589,872	\$598,005

Commitments and contingencies (Note 12)

Subsequent event (Note 22)

The accompanying notes and schedules are an integral part of these consolidated financial statements

David Thompson Health Region
Consolidated Statement of Operations
For the Year Ended March 31, 2009
(thousands of dollars)

	2009		2008
	Budget	Actual	Actual
	(Unaudited)		(Restated)
	(Note 13)		(Note 21)
Revenue			
Alberta Health and Wellness contributions (Note 14)	\$ 571,848	\$ 585,691	\$ 577,065
Other government contributions (Note 15)	5,047	10,377	11,673
Fees and charges	34,159	36,711	33,724
Ancillary operations (Note 16)	5,266	4,463	4,864
Donations	971	3,021	1,703
Investment and other income (Note 17)	14,187	16,553	15,036
Amortized external capital contributions	28,412	26,039	24,697
	659,890	682,855	668,762
TOTAL REVENUE	659,890	682,855	668,762
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	175,207	181,006	164,659
Facility-based emergency and outpatient services	46,247	55,808	46,626
Facility-based continuing care services	73,816	74,938	69,062
Community-based care	34,320	34,009	29,693
Home care	24,929	25,781	21,558
Diagnostic and therapeutic services	111,596	111,340	101,271
Promotion, prevention and protection services	22,848	21,933	20,506
Research and education	629	570	644
Administration	32,113	39,130	27,637
Information technology	24,902	19,179	17,126
Support services	129,996	134,082	120,926
Amortization of facilities and improvements	16,703	16,427	16,390
	693,306	714,203	636,098
TOTAL EXPENSES	693,306	714,203	636,098
(Deficiency) excess of revenue over expenses	\$ (33,416)	\$ (31,348)	\$ 32,664

The accompanying notes and schedules are an integral part of these consolidated financial statements

David Thompson Health Region
Consolidated Statement of Changes In Net Assets
For the Year Ended March 31, 2009
(thousands of dollars)

	2009				2008
	Accumulated surplus (deficit)	Investment in capital assets	Cumulative net unrealized gains (losses) on investments	Total	Total
Balance at beginning of year	\$ 8,678	\$ 31,167	\$ 90	\$ 39,935	\$ 7,248
(Deficiency) excess of revenue over expenses	(31,348)	-	-	(31,348)	32,664
Capital assets purchased with internal funds	(8,299)	8,299	-	-	-
Amortization on internally funded capital assets	5,487	(5,487)	-	-	-
Repayment of long-term debt used to fund capital assets	(257)	257	-	-	-
Proceeds from long-term debt	247	(247)	-	-	-
Unrealized (losses) gains on "available-for-sale" financial assets arising during the year	-	-	(90)	(90)	23
Balance at end of year	<u>\$ (25,492)</u>	<u>\$ 33,989</u>	<u>\$ -</u>	<u>\$ 8,497</u>	<u>\$ 39,935</u>

The accompanying notes and schedules are an integral part of these consolidated financial statements

David Thompson Health Region
Consolidated Statement of Cash Flows
For the Year Ended March 31, 2009
(thousands of dollars)

	2009		2008
	Budget (Unaudited) (Note 13)	Actual	Actual (Restated) (Note 21)
Cash generated from (used by):			
Operating activities:			
(Deficiency) excess of revenue over expenses	\$ (33,416)	\$ (31,348)	\$ 32,664
Items not involving cash			
Amortization (Schedule I)	34,679	31,526	29,851
Amortized external capital contributions	(28,412)	(26,039)	(24,697)
Changes in non-cash operating working capital (Note 18)	(37,113)	44,849	39,476
Cash generated from operations	<u>(64,262)</u>	<u>18,988</u>	<u>77,294</u>
Investing activities:			
Purchase of capital assets:			
Internally funded - equipment	(5,500)	(5,704)	(3,290)
Externally funded - equipment	(6,600)	(7,899)	(9,930)
Internally funded - facility and improvements	(3,000)	(2,595)	-
Externally funded - facility and improvements	(6,123)	(7,637)	(22,902)
(Decrease) increase in net unrealized gains on investments	-	(90)	90
Allocations to non-current cash and investments	-	-	(12,402)
Cash used by investing activities	<u>(21,223)</u>	<u>(23,925)</u>	<u>(48,434)</u>
Financing activities:			
Capital contributions received	12,723	2,959	24,653
Principal payments on long-term debt	(123)	(257)	(210)
Proceeds from long-term debt	-	247	-
Allocations from non-current cash and investments	29,119	18,445	-
Cash generated from financing activities	<u>41,719</u>	<u>21,394</u>	<u>24,443</u>
Increase (decrease) in cash and investments	(43,766)	16,457	53,303
Cash and investments, beginning of year	<u>79,941</u>	<u>83,368</u>	<u>30,065</u>
Cash and investments, end of year	<u>\$ 36,175</u>	<u>\$ 99,825</u>	<u>\$ 83,368</u>

The accompanying notes and schedules are an integral part of these consolidated financial statements

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 1 Authority, Purpose and Operations

The David Thompson Health Region (the "Region") was established June 24, 1994 under the *Alberta Regional Health Authorities Act*, is a registered charity under the *Income Tax Act* and exempt from payment of income tax. Effective April 1, 2009 the Region was disestablished and all the assets and liabilities were transferred to Alberta Health Services (Note 22).

The Region delivers appropriate, accessible and affordable health services in Alberta, operating programs that promote, protect, maintain, restore and enhance physical and mental well-being.

The Region's operations include the following facilities and sites:

Bentley Care Centre	Ponoka Hospital and Care Centre
Breton Health Centre	Red Deer Nursing Home
Centennial Centre for Mental Health and Brain Injury	Red Deer Regional Hospital Centre
Consort Hospital and Care Centre	Red Deer Valley Park Manor Care Centre
Coronation Hospital and Care Centre	Rimbey Hospital and Care Centre
Drayton Valley Hospital and Care Centre	Rocky Mountain House Health Centre
Drumheller Health Centre	Stettler Hospital and Care Centre
Hanna Health Centre	Sundre Hospital and Care Centre
Innisfail Health Centre	Three Hills Health Centre
Lacombe Hospital and Care Centre	Wetaskiwin Hospital and Care Centre
Olds Hospital and Care Centre	
Castor Community Health Centre	Ponoka Community Health Centre
Consort Community Health Centre	Red Deer Bremner Ave. Community Health Centre
Coronation Community Health Centre	Red Deer 49 th St. Community Health Centre
Drayton Valley Community Health Centre	Rimbey Community Health Centre
Drumheller Environmental Health and Support Services	Rocky Mountain House Community Health Centre
Eckville Community Health Centre	Stettler Community Health Services
Elnora Community Health Centre	Sundre Community Health Centre
Johnstone Crossing Community Health Centre	Sylvan Lake Community Health Centre
Lacombe Community Health Centre	Wetaskiwin Community Health Centre
Olds Community Health Centre	Winfield Community Health Centre
Drayton Valley Mental Health Centre	Rimbey Mental Health Centre
Drumheller Mental Health Centre	Rocky Mountain House Mental Health Centre
Hanna Mental Health Centre	Stettler Mental Health Centre
Lacombe Mental Health Centre	Three Hills Mental Health Centre
Olds Mental Health Centre	Wetaskiwin Mental Health Centre
Ponoka Mental Health Centre	

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 1 Authority, Purpose and Operations (continued)

The financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the region, except as disclosed in Note 19.

Note 2 Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

- (1) The financial statements were prepared on a going concern basis notwithstanding the new governance structure that became effective April 1, 2009 (Note 22).
- (2) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 34.
- (3) These financial statements were prepared on a consolidated basis and include the accounts of the facilities and sites disclosed in Note 1 but do not include the accounts of the foundations within the Region (Note 19(d)).
 - (i) The Region uses the proportionate consolidation method to account for its interests in Primary Care Networks (Note 19(c)).
- (4) These financial statements use the deferral method, the key elements of which are:
 - (i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.
 - (ii) Restricted non-capital contributions are recognized as revenue in the year the related expenses are 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 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 capital assets is recorded.
 - (iv) Endowments and restricted contributions to purchase capital assets that will not be amortized are recorded as direct increases to net assets.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation (continued)

- (v) Investment income includes dividend and interest income, and realized investment gains and losses. Unrealized gains and losses on available-for-sale financial assets are included directly in net assets or deferred contributions as appropriate, until the asset is removed from the Statement of Financial Position. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.
- (vi) Contributions in kind are recorded at fair value when such value can reasonably be determined.
- (vii) Ancillary operations reflect gross revenues earned through the various activities undertaken. Related expenses are reported under support services on the Consolidated Statement of Operations.

(b) Capital Disclosure

Effective April 1, 2008, the Region implemented new capital disclosure requirements per section 1535 – *Capital Disclosures* of the CICA Handbook. For operating purposes, the Region defines capital as including working capital and unrestricted net assets. For capital purposes, the Region defines capital as including deferred capital contributions, unamortized external capital contributions, and investment in capital assets.

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 funds are from Alberta Health and Wellness which is paid on the first of each month. As a result, significantly less working capital is required. The Region monitors its working capital and cash flow forecasts.

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.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Capital Disclosure (continued)

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

(c) Full Cost

The Region accounts for all costs and revenue from services for which it is responsible. The fair value of such services are recorded. Fair value transactions comprise the following:

- (i) Revenue earned by contracted health service operators from Alberta Health and Wellness designated fees and charges are recorded as the Region's fees and charges. An equivalent amount is recorded as contracted health service expense of the Region.
- (ii) Alberta Health and Wellness direct payments 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 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 donations, and as program expense, since contract payments from the Region 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 Region and provided to the Region at zero or nominal rent is recorded as other government contributions and as program expense.
- (v) Contributions of other assets, supplies and services that the Region would otherwise purchase are recorded as revenue and expense, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers' contributed services are not reported, as a fair value cannot be reasonably determined.

(d) Employee Future Benefits

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for the Region'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 Region has insufficient information to apply defined benefit plan accounting. Pension costs comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plan.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Employee future benefits (continued)

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 non-contributory defined benefit Supplemental Executive Retirement Plan (SERP) to senior executives (Note 10). The cost of these benefits is actuarially determined using the projected benefit method pro-rated on service, a market interest rate, and an actuarial estimate of expected costs and the period of benefit coverage. 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. The Region's SERP is fully funded on an annual basis.

(e) Investments

Investments are accounted for in accordance with the accounting policies described in Note 2(f).

Transaction costs associated with the acquisition and disposal of investments are capitalized. The purchase and sale of investments are accounted for using the trade date method of accounting.

(f) 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 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.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(f) Financial Instruments (continued)

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

<u>Financial Assets and Liabilities</u>	<u>Classification</u>
Cash and equivalents	Held for trading
Investments	Available for sale
Accounts receivable	Loans and receivables
Contributions receivable from Alberta Health and Wellness	Loans and receivables
Loans – continuing care partnership projects	Loans and receivables
Accounts payable	Other financial liabilities
Long-term debt	Other financial liabilities

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 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 receivables, payables and loans – continuing care partnerships project approximate their fair value. The fair value of Investments is disclosed in Note 3 and the fair value of Long-term debt in Note 9. Unless otherwise noted, it is management's opinion that the region is not exposed to significant interest, currency or credit risks arising from its financial instruments.

(g) 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 lower of cost and current replacement cost using the weighted average method of accounting. All other inventories are valued at lower of cost and net realizable value, on an individual item basis.

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(h) Capital Assets

Capital assets and work in progress are recorded at cost and amortized over their estimated useful lives on a straight-line basis as follows:

	<u>Useful life</u>
Land improvements	10 - 20 years
Facilities and improvements	10 - 40 years
Equipment	3 - 20 years
Leased equipment	Lease term

Capital assets with unit costs less than five thousand dollars are expensed. Work in progress is not amortized until the project is complete. Leases transferring substantially all benefits and risks of capital assets ownership to the Region are reported as capital asset acquisitions financed by long-term obligations.

(i) Measurement uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Amortization of capital assets and external capital contributions is based on estimates of the useful life of related assets. Accrued liabilities for utility contracts, home care services and diagnostic testing are estimated based on prior usage. Actual results could differ from estimates.

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 3 Cash and Investments

	<u>2009</u>		<u>2008</u>	
	<u>Fair Market Value</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Cost</u>
			(Restated)	
			(Note 21)	
Cash	\$ 37,152	\$ 37,152	\$ 28,953	\$ 28,953
Term deposits	1,533	1,533	1,308	1,308
Money market securities	67,036	67,037	77,418	77,419
Bonds and bond funds	10,484	10,132	10,162	10,002
Marketable securities	<u>4,294</u>	<u>5,290</u>	<u>4,646</u>	<u>4,715</u>
Total cash and investments	<u>\$120,499</u>	<u>\$121,144</u>	<u>\$122,487</u>	<u>\$122,397</u>
Classified as:				
Current	\$ 99,825		\$ 83,368	
Non-current	<u>20,674</u>		<u>39,119</u>	
Total cash and investments	<u>\$120,499</u>		<u>\$122,487</u>	

- (i) Term deposits represent funds held by Primary Care Networks (Note 19(c)). Eligible investments and durations are defined within the Primary Care Initiative policies.
- (ii) To optimize returns at an acceptable risk level, management has established a policy asset mix of 0% to 60% for fixed-income instruments, 0% to 20% for equities and 20% to 100% for cash and cash equivalents. Risk is reduced through diversification.
- (iii) Fixed-income securities, such as bonds (Government of Canada, Provincial – other than Alberta), and bond funds (Global Government Bond Index, Private Canadian Corporate) have an average effective yield of 3.45% per year for securities maturing between one and six years. As at March 31, 2009, the securities have the following maturity structure:

	<u>%</u>
1 to 5 years	90
5 to 10 years	10

- (iv) Equities (Canadian – 62%, U.S. – 38%) comprise publicly-traded securities in major stock markets. Risk is reduced by prudent security selection and sector rotation.

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 3 Cash and Investments (continued)

(v) Unrealized investment losses totalled \$645,000 at March 31, 2009. Of this amount, \$400,000 is related to unrestricted investments and has been recognized within the Consolidated Statement of Operations due to the likelihood that these investments will be liquidated during the next year. The balance of \$245,000 is related to restricted investments and is included within deferred contributions.

Note 4 Capital Assets

Capital Asset	Opening	Transfers from			Closing
	Balance	Capital	Projects in	Balance	
	April 1, 2008	Progress	Additions	Disposals	March 31, 2009
	(Restated)				
	(Note 21)				
Land	\$ 6,577	\$ 1,154	\$ -	\$ -	\$ 7,731
Land improvements	11,293	-	-	(634)	10,659
Facilities and improvements	536,488	7,112	-	(95)	543,505
Equipment	146,381	12,609	6,981	(5,750)	160,221
Capital projects in progress	47,178	(20,875)	16,854	-	43,157
	<u>\$ 747,917</u>	<u>\$ -</u>	<u>\$ 23,835</u>	<u>\$ (6,479)</u>	<u>\$ 765,273</u>

Capital Asset	Accumulated Amortization			Net Book Value	
	Opening	Accumulated	Closing	Net Book Value	
	Balance	Current Year	Balance	March 31, 2009	March 31, 2008
	April 1, 2008	Amortization	on Disposals	March 31, 2009	March 31, 2008
	(Restated)				(Restated)
	(Note 21)				(Note 21)
Land	\$ -	\$ -	\$ -	\$ 7,731	\$ 6,577
Land improvements	3,830	845	(634)	4,041	6,618
Facilities and improvements	227,374	15,546	(94)	242,826	300,679
Equipment	94,828	15,099	(5,715)	104,212	56,009
Capital projects in progress	-	-	-	-	43,157
	<u>\$ 326,032</u>	<u>\$ 31,490</u>	<u>\$ (6,443)</u>	<u>\$ 351,079</u>	<u>\$ 421,885</u>

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 4 Capital Assets (continued)

(a) Leased equipment

Equipment was acquired through capital leases at a cost of \$849,000 (2008 \$602,000) with accumulated amortization of \$717,000 (2008 \$443,000).

Capital assets were funded from the following sources:

	2009	2008
Short-term debt	\$ 425	\$ 425
Long-term debt	441	451
Unamortized external capital contributions	379,339	389,842
Investment in capital assets from internally funded sources	<u>33,989</u>	<u>31,167</u>
	<u>\$414,194</u>	<u>\$421,885</u>

Note 5 Loans - Continuing Care Partnership Projects

	2009	2008
Loans receivable		
Continuum Healthcare Corporation	\$ 122	\$ 157
Michener Hill Village	7,563	1,314
Voluntary health service providers	<u>18,528</u>	<u>19,185</u>
	<u>\$26,213</u>	<u>\$20,656</u>

The Region has a non-interest bearing forgivable loan with Continuum Healthcare Corporation initiated under the Healthy Aging Partnership Initiative. During the year, \$35,416 (2008 \$35,872) was forgiven under the terms of the agreement.

The Region has signed contracts with three voluntary health service providers under the Private Public Partnership Initiative (P3) and Health Aging Partnership Initiative (HAPI) to build and operate continuing care and assisted living facilities within the region. The Region uses the forgivable mortgage model for reporting the contribution and advancement of funds. The provincial government supports partnerships between the Region and private, public or voluntary organizations by providing a one-time, np-front capital grant. The Region in turn provides a demand loan to the partner. The partner uses these funds towards the construction of the facility. The loan is repayable on demand, is secured by the facility and is forgivable for services rendered by the owner as per the terms of the contract. During the year, \$657,047 (2008 \$657,047) was forgiven on the loans receivable and has been recorded in the facility based continuing care services expense.

Pursuant to these contracts, interest has been charged at the bank prime rate (2.50% at March 31, 2009) plus 2% on the loans receivable for a total of \$1,189,171 (2008 \$1,642,844). This amount is included in investment income. The interest has been forgiven and \$1,189,171 (2008 \$1,642,844) has been recorded in the facility based continuing care services expense. The remaining balance of the loans will be forgiven on a straight-line basis or repaid over a term of 30 years.

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 6 Other Assets

	<u>2009</u>	<u>2008</u>
Laboratory Lean Project	\$132	\$265
Mineral rights	24	24
Cooperative's shares	3	3
Accrued pension benefit	<u>505</u>	<u>536</u>
	<u>\$664</u>	<u>\$828</u>

The accrued pension benefit relates to the Supplementary Executive Retirement Plan, which is fully funded (Note 10).

Note 7 Deferred Contributions

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

	<u>2009</u>	<u>2008</u> (Restated) (Note 21)
Inpatient Acute Care Nursing	\$ 398	\$ -
Emergency and Outpatient Services	2,795	4,286
Continuing Care Services	1,433	1,607
Community-based Services	4,484	6,273
Diagnostic and Therapeutic Services	1,280	1,179
Promotion, Prevention & Protection	1,450	1,208
Research and Education	163	223
Information Technology Programs	15,378	710
Support Services	396	684
Alberta Infrastructure	20,931	11,276
Pandemic Supplies	2,710	2,759
Human Resources Projects	8,555	-
Special Purpose Funds - Donations	8,771	8,676
Other	<u>23</u>	<u>2</u>
Total	<u>\$68,767</u>	<u>\$38,883</u>

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 8 Deferred Capital Contributions

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

	<u>2009</u>	<u>2008</u>
Equipment replacement	\$ 558	\$ 6,242
New construction	<u>5,403</u>	<u>12,296</u>
	<u>\$ 5,961</u>	<u>\$ 18,538</u>

Note 9 Long-term Debt

	<u>2009</u>		<u>2008</u>	
	Fair Value	Cost	Fair Value	Cost
Bank loan ⁽¹⁾	\$ 326	\$ 326	\$ 388	\$ 388
Obligations under capital lease ⁽²⁾	<u>115</u>	<u>115</u>	<u>63</u>	<u>63</u>
		441		451
Current portion		<u>(179)</u>		<u>(125)</u>
		<u>\$ 262</u>		<u>\$ 326</u>

Future principal payments are estimated for the year ended March 31:

	<u>Bank Loan</u>	<u>Capital Lease</u>	<u>Total</u>
2010	64	115	179
2011	67	-	67
2012	70	-	70
2013	72	-	72
2014 and thereafter	<u>53</u>	<u>-</u>	<u>53</u>
	<u>\$326</u>	<u>\$115</u>	<u>\$441</u>

(1) The bank loan is due in monthly installments of \$6,367 including interest at 3.85% (rate term expires on June 1, 2009). It is secured by a general assignment of book debts and matures November 2010 and is renewed annually, amortized to 2018.

(2) The capital lease expires on November 30, 2009. The implicit interest rate payable on the lease is 3%.

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 10 Long-Term Employee Benefits

(a) Supplementary Executive Retirement Plan

	<u>2009</u>	<u>2008</u>
Accrued benefit obligation		
Accrued obligation, beginning of year	\$ 1,305	\$ 1,221
Current service cost	90	112
Interest cost	71	70
Prior service cost	-	1
Actuarial gain	(174)	(80)
Benefit payments	(42)	(19)
Accrued benefit obligation, end of year	<u>\$ 1,250</u>	<u>\$ 1,305</u>
Reconciliation of funded status of accrued benefit asset/liability		
Funded status of plan	362	165
Unamortized actuarial loss (gain)	(6)	147
Unamortized prior service costs	-	1
Unamortized initial obligation	149	223
Accrued benefit asset	<u>\$ 505</u>	<u>\$ 536</u>
Current service cost	90	113
Interest cost	71	69
Amortization of prior service costs	74	78
Amortization of net actuarial loss	27	18
Expected return on plan assets	(39)	(33)
Benefit cost	<u>\$ 223</u>	<u>\$ 245</u>
Significant actuarial assumptions are as follows:		
Discount rate	6.2%	5.2%
Expected return on plan assets	3.1%	2.6%
Expected average remaining service life of employees	9 years	9 years
Salary increase	4.0%	4.0%
The above information is based on the actuarial valuation performed at March 31, 2009.		
The Region's SERP is fully funded on an annual basis.		
<u>Plan assets (held by trustee)</u>		
Employer contributions - fair value of assets at March 31	766	731
<u>Plan assets (held by Canada Revenue Agency)</u>		
Employer contributions paid by refundable taxes	846	738
Total plan assets	<u>\$ 1,612</u>	<u>\$ 1,469</u>
Funded status of plan	<u>\$ 362</u>	<u>\$ 165</u>

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 10 Long-Term Employee Benefits (continued)

(b) Pension Expense

Pension expense in these financial statements is equal to the Region's annual contributions of \$24,481,000 for the year ended March 31, 2009 (2008 \$21,424,000).

At December 31, 2008, the Local Authorities Pension Plan reported an actuarial deficit of \$4,413,971,000 (2007 deficit \$1,183,344,000).

Note 11 Accumulated (Deficit) surplus

The Region's accumulated (deficit) surplus comprises of the following:

	<u>2009</u>	<u>2008</u>
Accumulated (deficit) surplus	<u>\$(25,492)</u>	<u>\$ 8,678</u>

The Region has reported an accumulated deficit at March 31. Per Alberta Regulation 15/95 of the RHA Act, Alberta Health Services 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.

Note 12 Commitments and Contingencies

The Region is contingently liable for the buyback of 27 assisted living units at the option of and at 90% of the original cost to the purchaser. The average cost is \$100,000 per unit. However, management feels that these units could be resold and costs recovered and that realistically, the possibility of having to purchase back all units simultaneously is highly improbable. As at March 31, 2009, the Region was negotiating the sale of vacant units and the buy-back obligations on all other units with an arm's length not for profit organization.

The Region contracts on an ongoing basis with voluntary and private health service operators to provide health services in the region. The Region has contracted for services in the year ending March 31, 2010 similar to those provided by these operators in 2009. Contracted continuing care services total \$29,433,000 on an annual basis, subject to inflation and service requirements.

The Region is currently in the process of developing a new P3 project, Michener Hill Village, that would replace the 220 continuing care beds in Valley Park Manor and Red Deer Nursing Home. Funding in the amount of \$21,401,000 was received and cost to date total \$7,563,853.

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 12 Commitments and Contingencies (continued)

The Region has committed to capital upgrade projects at the Rimbey Health Centre in the amount of \$20,000,000. Total costs to date are \$17,699,005 and total contributions to date are \$20,000,000.

The Region has committed to capital projects at the Red Deer Regional Hospital Cancer Centre, Red Deer Community Health Centre and the Michener Centre Site (Red Deer) in the amount of \$82,400,000. Total costs to date are \$21,581,518 and contributions to date total \$21,600,000.

In the ordinary course of operations, various claims and lawsuits are brought against the Region. While it is not possible to estimate the ultimate liability with respect to any pending litigation, the Region believes there will be no material adverse effect on its financial position.

Note 13 Budget

The budget was approved by Senior Management of the Region, and was submitted to Alberta Health and Wellness and Alberta Health Services.

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 14 Alberta Health and Wellness Contributions

	2009	2008 (Restated) (Note 21)
Unrestricted contributions	\$ 549,494	\$ 558,390
Restricted contributions	37,706	65,186
Transfers to deferred contributions	(7,971)	(15,076)
Transfers to deferred capital contributions	(18,282)	(50,110)
Transfer to RSHIP project	(1,500)	-
Transfers from deferred contributions	18,290	15,778
Transfers from deferred capital contributions	1,336	10
Share of project funds held in trust (Note 20)	35	201
Share of Primary Care Networks	2,367	1,445
Restricted contributions made by Alberta Health and Wellness directly to other health service operators on the Region's behalf	<u>4,216</u>	<u>1,241</u>
	<u>\$ 585,691</u>	<u>\$ 577,065</u>

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 15 Other Government Contributions

	2009	2008
Unrestricted Alberta Infrastructure	\$ -	\$ 5,220
Fair value of rent less rent charges for non-acute care facilities used by the Region	619	551
Transfers from deferred contributions	4,151	2,763
Transition grant from East Central Health Region (Note 23)	2,707	-
EMS Transition Grant from East Central Health Region	133	-
Transfers from deferred capital contributions	-	769
Workers Compensation Board - refund	1,352	1,746
Alberta Cancer Board	687	624
Other	728	-
	<u>\$ 10,377</u>	<u>\$ 11,673</u>

Note 16 Ancillary Operations

	2009			2008		
	Revenue	Direct Expenses	Amortization Expense	Excess (Deficiency) of Revenue over Expenses	Revenue	Excess (Deficiency) of Revenue over Expenses
Non-patient food services	\$ 1,487	\$ 1,724	\$ 1	\$ (238)	\$ 1,798	\$ (143)
Assisted living condos ⁽¹⁾	3	57	-	(54)	103	49
Parking operations	1,250	851	-	399	1,189	232
David Thompson Dispensary	1,607	1,709	-	(102)	1,654	(30)
TV and telephones	116	65	-	51	120	61
	<u>\$ 4,463</u>	<u>\$ 4,406</u>	<u>\$ 1</u>	<u>\$ 56</u>	<u>\$ 4,864</u>	<u>\$ 169</u>

(1) Includes Designated Assisted Living:
Housing/hoteling component for only those facilities owned by a health region

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 17 Investment and Other Income

	2009	2008
		(Restated) (Note 21)
Investment income	\$ 4,028	\$ 3,938
Unrealized investment losses recognized	(400)	-
Other income	12,925	11,098
	<u>\$ 16,553</u>	<u>\$ 15,036</u>

Investment income is comprised of interest, dividends, and net gains and losses on disposal of investments.

Other income is comprised of revenue from various programs and revenue and expense recoveries external to the Region.

Note 18 Changes in Non-cash Operating Working Capital

	2009	2008
		(Restated) (Note 21)
Accounts receivable	\$ 3,706	\$ 1,730
Contributions receivable from Alberta Health and Wellness	205	5,103
Inventories	(810)	449
Prepaid expenses	746	523
Loans - continuing care partnership projects	(5,557)	(622)
Other assets	164	(282)
Accounts payable and accrued liabilities	14,596	(1,643)
Accrued vacation pay	2,226	1,792
Deferred contributions	29,884	11,584
Deferred contributions - continuing care partnership projects	(311)	20,842
	<u>\$ 44,849</u>	<u>\$ 39,476</u>

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 19 Related Parties

(a) Province of Alberta and Health Regions

The Minister of Health and Wellness appoints the members of the Alberta Health Services Board. The Board is economically dependent on the Ministry of Health and Wellness since the viability of its operations depends on contributions from the Ministry.

The Region had the following transactions with other regional health authorities and provincial health boards 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
\$ 6,081	\$ 3,123	\$ 3,239	\$ 5,007	\$ 3,635	\$ 1,280	\$ 6,974	\$ 6,557

(b) Regional Shared Health Information Program (RSHIP)

The seven non-metro health regions, Aspen Health Region, Chinook Health Region, David Thompson Health Region, East Central Health Region, Northern Lights Health Region, Palliser Health Region, and Peace Country Health Region, 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
Alberta Health and Wellness funding	\$ 2,949	\$ 3,607
Health Region contribution	948	3,688
Total	\$ 3,897	\$ 7,295
Reported as follows:		
Expenses	\$ 1,285	\$ 1,700
Capital assets	1,449	5,595
Total	\$ 2,734	\$ 7,295

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 19 Related Parties (continued)

(c) Primary Care Networks

The Region's interest in its Primary Care Networks (joint ventures) are included in the financial statements under the proportionate consolidation method at the following percentages:

Provost – Consort Primary Care Network	25%
1202762 Alberta Ltd. – Operating as Rocky Mountain House Primary Care Network	50%
1191451 Alberta Ltd. – Operating as Red Deer Primary Care Network	50%
Big Country Primary Care Network	50%
Wolf Creek Primary Care Network	50%

Audited financial statements were not available from the Primary Care Networks at the time of preparation of these financial statements.

(d) Foundations

The Region has an economic interest in the following foundations:

	Contributions Received by the Region	
	2009	2008
David Thompson Health Region Foundation	\$ 1,226	\$ 1,522
Wetaskiwin Health Foundation	208	552
Drayton Valley Health Services Foundation	337	248
Stettler Health Services Foundation	139	60
Coronation Health Centre Foundation	12	47
Drumheller Area Health Foundation	153	113
Consort Hospital Foundation	-	5
	<u>\$ 2,075</u>	<u>\$ 2,547</u>

Contributions are comprised of externally restricted amounts for equipment, programs, research and education.

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 19 Related Parties (continued)

(d) Foundations (continued)

Included in accounts receivable are amounts owing from the foundations at year-end as follows:

	2009	2008
David Thompson Health Region Foundation	\$ 504	\$ 226
Wetaskiwin Health Foundation	41	409
Drayton Valley Health Services Foundation	9	13
Coronation Health Centre Foundation	5	13
Stettler Health Services Foundation	34	-
Drumheller Area Health Foundation	-	14
	<u>\$ 593</u>	<u>\$ 675</u>

Resources of the foundations are restricted by donors for the exclusive use of the hospital or care centre in the community in which the foundation resides.

Audited financial statements were not available from the foundations at the time of preparation of these financial statements. Additional preliminary information for the David Thompson Health Region Foundation is provided as follows:

	2009	2008
Assets	\$ 8,754	\$ 8,379
Liabilities	234	393
Net Assets	<u>8,520</u>	<u>7,986</u>
Revenue	5,741	3,192
Expense	4,892	1,633
Excess	<u>849</u>	<u>1,559</u>
Resources held at March 31:		
Externally restricted	7,913	7,236
Unrestricted	607	750
	<u>\$ 8,520</u>	<u>\$ 7,986</u>

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 19 Related Parties (continued)

(e) Contracts with Health Service Providers

The Region has an economic interest through its contracts with voluntary and private health service 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	\$ 19,524	\$ 25,589	\$ 45,113	\$ 18,113	\$ 22,297	\$ 40,410
Direct Alberta Health and Wellness funding	-	184	184	-	184	184
Fees and charges	4,150	1,758	5,908	4,189	1,730	5,919
Total	<u>\$ 23,674</u>	<u>\$ 27,531</u>	<u>\$ 51,205</u>	<u>\$ 22,302</u>	<u>\$ 24,211</u>	<u>\$ 46,513</u>

Note 20 Trust Funds

- (a) The Region received funds in trust from Alberta Health and Wellness for the Regional Shared Health Information Program. These amounts are not reported in these financial statements.

During the year, the Region received \$7,421,617 (2008 \$1,400,000) and disbursed \$2,249,484 (2008 \$11,922,133) for costs relating to the project. The Region shows revenue equal to its share of the expenses in the amount of \$1,285,380. The funds held by the Region is \$0 (2008 deficit \$5,172,133).

- (b) The Region received funds in trust from Alberta Health and Wellness for implementation of Continuing Care Health Service Standards for Health Care Aide Education. These amounts are not reported in these financial statements.

During the year, the Region received \$0 (2008 \$0) and disbursed \$0 (2008 \$2,595,380) for costs relating to the project. The Region showed revenue equal to its share of the expenses in the amount of \$34,409. The balance of funds held by the Region is \$247,020 (2008 \$247,020).

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 21 Restatement of Prior Year Figures

(a) Based on new information provided to the Region, it has been determined that the Region has joint control over the Primary Care Networks. Accordingly, the Primary Care Networks have been included in the Financial Statements of the Region retroactively, using the proportionate consolidation method. This resulted in the following changes to the Financial Statements as reported for March 31, 2008:

	March 31, 2008 as Originally Stated	Adjustment	March 31, 2008 as Restated
Statement of Financial Position:			
Cash and investments	\$ 79,941	\$ 3,427	\$ 83,368
Accounts receivable	17,734	83	17,817
Prepaid expenses	2,061	2	2,063
Capital assets	421,742	143	421,885
	<u>\$ 521,478</u>	<u>\$ 3,655</u>	<u>\$ 525,133</u>
Accounts payable and accrued liabilities	\$ 45,279	\$ 176	\$ 45,455
Deferred contributions	35,547	3,336	38,883
Unamortized external capital contributions	389,699	143	389,842
	<u>\$ 470,525</u>	<u>\$ 3,655</u>	<u>\$ 474,180</u>
Statement of Operations:			
Alberta Health and Wellness contributions	\$ 575,620	\$ 1,445	\$ 577,065
Investment and other income	14,854	182	15,036
Amortized external capital contributions	24,654	43	24,697
	<u>\$615,128</u>	<u>\$1,670</u>	<u>\$616,798</u>
Community-based care	<u>\$ 28,023</u>	<u>\$ 1,670</u>	<u>\$ 29,693</u>

(b) The Consolidated Statement of Cash Flows has also been restated to correct for an error in 2008. Changes in non-cash operating working capital has been increased, and capital contributions received has been decreased, by \$8,179,000.

David Thompson Health Region
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2009
(Tabular amounts in thousands of dollars)

Note 22 New Governance Structure

On May 15, 2008, the Minister of Health and Wellness restructured the governance model of 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 the entities including the Region but excluding East Central Health were disestablished and all the assets, liabilities, rights and obligations of these entities including the Region were assumed by East Central Health whose name will change to Alberta Health Services ("AHS").

Note 23 Transition and Restructuring Expenses

As at March 31, 2009, the Region recorded incremental transition and restructuring expenses, related to the transition to AHS, consisting of severance costs and termination benefits (Schedule 2). In the Consolidated Statement of Operations, these expenses are included in Administration. Additional incremental expenses related to the transition to AHS are also reported and disclosed in the financial statements of East Central Health.

	Severance- Related
Liability as at March 31, 2008	\$ -
Expenses	2,707
Payments made during the year	<u>(1,546)</u>
Liability as at March 31, 2009	<u>\$ 1,161</u>

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

Note 24 Comparative Figures

Certain 2008 figures have been reclassified to conform to the 2009 presentation.

Note 25 Approval of Financial Statements

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

Schedule 1

David Thompson Health Region
 Consolidated Schedule of Expenses by Object
 For the Year Ended March 31, 2009
 (thousands of dollars)

	2009		2008
	Budget (Unaudited)	Actual	Actual (Restated)
Salaries and benefits (Schedule 2)	\$ 454,165	\$ 466,725	\$ 415,681
Contracts with health service operators (Note 19(e))	51,779	51,205	46,513
Drugs and gases	14,331	13,891	13,622
Medical and surgical supplies	15,883	16,119	14,935
Other contracted services	36,048	44,508	34,699
Interest on long-term debt	19	20	28
Other ⁽¹⁾	86,402	90,209	80,769
Amortization:			
Capital equipment - internally funded	5,900	5,157	4,825
Capital equipment - externally funded	12,076	9,978	8,666
Facilities and improvements - internally funded	367	330	329
Facilities and improvements - externally funded	16,336	16,061	16,031
	<u>\$ 693,306</u>	<u>\$ 714,203</u>	<u>\$ 636,098</u>

⁽¹⁾ Other:

Building and equipment maintenance	\$ 21,212	\$ 17,662
Diagnostic and therapeutic supplies	7,306	5,729
Dietary supplies	7,423	6,687
Insurance	1,810	1,733
Minor equipment purchases	2,362	1,721
Patient transport and staff travel	11,748	11,518
Rental or lease of building and equipment	6,972	5,919
Utilities	12,174	12,054
Other	19,202	17,746
	<u>\$ 90,209</u>	<u>\$ 80,769</u>

The accompanying notes and schedules are an integral part of these consolidated financial statements

This page is intentionally left blank.

David Thompson Health Region
Schedule of Salaries and Benefits
For the Year Ended March 31, 2009
(thousands of dollars)

	2009					Severance ^(e)			2008	
	Number of FTEs ^(a)	Base Salary ^(b)	Other Cash Benefits ^(c)	Other Non-Cash Benefits ^{(d)(f)}	Sub Total	Number of FTEs	Amount	Total	Number of FTEs ^(a)	Total
Board Chair^(g)										
Ken Hughes - AHS	0.88	\$ -	\$ -	\$ -	-	-	\$ -	\$ -	-	\$ -
Jean Graham	0.12	-	13	-	13	-	-	13	1.00	41
Board Members^(g)										
Jack Ady - AHS	0.88	-	-	-	-	-	-	-	-	-
Pierre Crevoilin - AHS	0.21	-	-	-	-	-	-	-	-	-
Catherine Roozen - AHS	0.63	-	-	-	-	-	-	-	-	-
Linda Hohol - AHS	0.88	-	-	-	-	-	-	-	-	-
John Lehnars - 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	-	-	-	-	-	-	-	-	-
Colleen Andersen	0.12	-	3	-	3	-	-	3	1.00	23
Gloria Bergman	0.12	-	3	-	3	-	-	3	1.00	12
Michael Dawe	0.12	-	3	-	3	-	-	3	1.00	13
Don Fowler	0.12	-	3	-	3	-	-	3	1.00	16
Irene Gataint	0.12	-	4	-	4	-	-	4	1.00	11
E. Sylvia Gillespie	0.12	-	3	-	3	-	-	3	1.00	12
Wama Moore	0.12	-	7	-	7	-	-	7	1.00	21
Wayne Notley	0.12	-	5	-	5	-	-	5	1.00	15
Brent Pedersen	0.12	-	4	-	4	-	-	4	1.00	15
Helen Posti	0.12	-	4	-	4	-	-	4	1.00	14
Kathy Rooyakkers	0.12	-	5	-	5	-	-	5	1.00	26
Sheila J. Taylor	0.12	-	5	-	5	-	-	5	1.00	16
Robert G. Thompson	0.12	-	4	-	4	-	-	4	1.00	11
Dorothy Ungstad	0.12	-	5	-	5	-	-	5	1.00	12
Sub-total	10.56	\$ -	\$ 71	\$ -	\$ 71	\$ -	\$ -	\$ 71	15.00	\$ 258

David Thompson Health Region
Schedule of Salaries and Benefits
For the Year Ended March 31, 2009
(thousands of dollars)

	2009					2008				
	Number of FTEs ^(a)	Base Salary ^(b)	Other Cash Benefits ^(c)	Other Non-Cash Benefits ^(d)	Sub-total	Severance ^(e)			Number of FTEs ^(a)	Total
						Number of FTEs	Amount	Total		
Board Direct Reports^(h)										
President and Chief Executive Officer - AHS ⁽ⁱ⁾	-	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	\$ -
Interim Chief Executive Officer - AHS ⁽ⁱ⁾	-	-	-	-	-	-	-	-	-	-
President & CEO ^{(i)(k)}	0.3	97	12	67	176	1.0	970	1,146	1.00	422
CEO Direct Reports^(j)										
Sr. Vice President & COO - Health Services ^{(k)(l)}	0.5	108	3	40	151	1.0	529	680	1.00	282
Vice President & COO - Corporate Services ^{(k)(m)}	1.0	216	4	46	266	-	-	266	1.00	254
Vice President - Public Health ^(k)	1.0	167	4	34	205	-	-	205	1.00	188
Vice President - Capital Planning & Project Development ^(k)	1.0	160	4	37	201	-	-	201	1.00	189
Vice President - Medicine	0.8	252	22	51	325	-	-	325	0.79	312
Vice President - Communications & Public Relations	0.8	115	2	25	142	1.0	335	477	1.00	161
Executive Director - Corporate & Legislative Affairs ^(k)	1.0	123	4	24	151	-	-	151	1.00	130
Sub-total	6.4	1,238	55	324	1,617	3.0	1,834	3,451	7.79	1,938
Other management persons reporting to those above ^(k)	38.3	4,796	39	916	5,751	4.0	834	6,585	39.54	5,787
Other management	232.1	22,756	101	4,425	27,282	-	-	27,282	235.65	26,109
Medical doctors not included above	3.5	1,014	15	86	1,115	-	-	1,115	2.85	932
Regulated nurses not included above										
- RNs, Reg. Psych. nurses, Grad nurses	1,525.5	111,812	24,756	22,471	159,039	1.0	2	159,041	1,483.50	146,665
- LPNs	436.5	21,911	2,792	4,253	28,956	-	-	28,956	425.27	24,743
Other health technical and professionals	1,037.0	69,955	4,151	13,990	88,096	-	-	88,096	993.49	77,458
Unregulated health service providers	899.7	32,289	4,606	6,009	42,904	1.0	8	42,912	839.35	36,105
Other staff	2,052.6	86,930	4,825	17,461	109,216	-	-	109,216	1,981.03	95,686
Total Staff	6,225.2	351,463	41,285	69,611	462,359	6.0	844	463,203	6,000.68	413,485
Total honoraria and staff	6,242.2	\$ 352,701	\$ 41,411	\$ 69,935	\$ 464,047	9.0	\$ 2,678	\$ 466,725	6,023.47	\$ 415,681

David Thompson Health Region
Schedule of Salaries and Benefits
For the Year Ended March 31, 2009
(thousands of dollars)

Supplemental Executive Retirement Plan⁽¹⁾

	2009			2008		Accrued Benefit Obligation March 31, 2008	Change in Accrued Benefit Obligation	Accrued Benefit Obligation March 31, 2009
	Current Service Cost	Other SERP Costs	Total	Total				
President & CEO	\$ 13	\$ 52	\$ 65	\$ 90	\$ 506	\$ (27)	\$ 479	
Sr. Vice President & COO - Health Services	7	17	24	31	193	(14)	179	
Vice President & COO - Corporate Services	9	10	19	20	138	(4)	134	
Vice President - Public Health	5	1	6	6	32	(1)	31	
Vice President - Capital Planning & Project Development	5	5	10	10	49	1	50	
Vice President - Medicine	27	2	29	24	-	25	25	
Vice President - Communications & Public Relations	5	1	6	2	3	(3)	-	
Other management persons reporting to those above	19	45	64	62	384	(32)	352	
	<u>\$ 90</u>	<u>\$ 133</u>	<u>\$ 223</u>	<u>\$ 245</u>	<u>\$ 1,305</u>	<u>\$ (55)</u>	<u>\$ 1,250</u>	

David Thompson Health Region
 Schedule of Salaries, Honoraria, Benefits, Allowances and Severance
 For the Year Ended March 31, 2009

- (a) 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 during the year was 11,817 (2008 10,487). “Discrete” number of individuals refers to all employees who were in the system during the fiscal year.
- (b) Base salary includes pensionable base pay.
- (c) Other cash benefits include honoraria, bonuses, overtime and lump sum payments.
- (d) Other non-cash benefits include:
- Employer’s current service and prior costs of supplementary executive retirement plan per (f) below.
 - 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.
 - Employer’s share of the cost of additional benefits including sabbaticals or other special leave with pay.
- (e) Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- (f) Supplemental Executive Retirement Plan (SERP)
 Under the terms of the supplemental executive retirement plan, executives may receive supplemental retirement payments. SERP costs are not cash payments in the period but are the period expense for rights to future compensation. SERP costs shown reflect the actuarially estimated cost to provide pension income over the post-employment period. SERP provides future pension benefits to participants based on years of service and earnings. See also accounting policy Note 2(d) Employee Future Benefits and (Note 9) Long-term Employee Benefit Liabilities.

Current service cost is the actuarial present value of the benefit earned in the fiscal year. Other SERP costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

The change in the accrued benefit obligation includes current service cost, interest accruing on the actuarial liability and the full amount of any actuarial gain or loss in the period.

David Thompson Health Region
 Schedule of Salaries, Honoraria, Benefits, Allowances and Severance
 For the Year Ended March 31, 2009

- (g) 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.
- (h) 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.
- (i) 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.
- (j) CEO Direct Reports reflect FTE's and costs for the 08-09 fiscal year based on the titling and positioning that existed as at July 8, 2008. Any title changes subsequent to July 8, 2008 are noted below.
- (k) These individuals are provided with an automobile allowance. Dollar amounts are included under (c) above.
- (l) Based on future SERP compensation benefits described under (f) above, the following schedule outlines pension income received by individuals who retired within the 2008-09 fiscal period:

<u>Title</u>	<u>Pension Income</u>	<u>Elected Frequency</u>	<u>Term</u>
President & CEO	\$3,030	Monthly	Indefinite
Sr. Vice President & COO – Health Services	\$1,173	Monthly	Indefinite

- (m) Effective November 1, 2008, the Vice President & Chief Operating Officer, Corporate Services was also appointed the Senior Vice President, Pharmacy & Diagnostic Services – AHS. Costs incurred are reported in the accounts of the Region.