

OFFICE RÉGIONAL DE LA SANTÉ
DES PARCS



Parkland Regional Health Authority Inc.
Consolidated Financial Statements
For the year ended March 31, 2008



Parkland Regional Health Authority Inc.

Contents

For the year ended March 31, 2008

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Management's Responsibility

To the Board of Directors of Parkland Regional Health Authority Inc.:

Management is responsible for preparing the accompanying consolidated financial statements. This responsibility includes selecting appropriate accounting principles and making objective judgments and estimates in accordance with Canadian generally accepted accounting principles.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and the Audit Committee are composed primarily of Directors who are neither management nor employees of the Organization. The Audit Committee is appointed by the Board to review the consolidated financial statements in detail with management and to report to the Board prior to their approval of the consolidated financial statements for publication.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the Board of Parkland Regional Health Authority Inc. to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

_____ Management _____ Management

To the Board of Directors of Parkland Regional Health Authority Inc.

We have audited the consolidated statement of financial position of the Parkland Regional Health Authority Inc. as at March 31, 2008 and the consolidated statements of changes in net assets, operations and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Parkland Regional Health Authority Inc. as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Meyers Norris Penny LLP

Brandon, Manitoba

June 19, 2008

Chartered Accountants

Parkland Regional Health Authority Inc.
Consolidated Statement of Financial Position

As at March 31, 2008

	<i>Affiliates</i>	<i>Devolved</i>	2008	<i>2007</i>
Assets				
Current				
Cash	1,334,276	5,183,113	6,517,389	4,957,727
Current investments (Note 5)	-	18,920,521	18,920,521	258,139
Accounts receivable (Note 3)	136,793	2,236,996	2,373,789	1,798,336
Due from Manitoba Health (Note 4)	-	2,506,538	2,506,538	3,540,299
Inventory	209,449	1,267,197	1,476,646	1,475,348
Prepaid expenses	58,259	617,986	676,245	708,168
Inter-facility	(402,833)	402,833	-	-
	1,335,944	31,135,184	32,471,128	12,738,017
Long-term investments (Note 5)	-	-	-	17,357,424
Capital assets (Note 6)	8,425,878	73,473,074	81,898,952	80,117,700
Trust assets	2,869	30,666	33,535	77,366
Manitoba Health receivable –employee benefits obligation (Note 7)	1,900,382	8,267,391	10,167,773	10,182,843
	11,665,073	112,906,315	124,571,388	120,473,350

Continued on next page

Parkland Regional Health Authority Inc.
Consolidated Statement of Financial Position

As at March 31, 2008

	<i>Affiliates</i>	<i>Devolved</i>	2008	<i>2007</i>
<i>Continued from previous page</i>				
Liabilities				
Current				
Lines of credit	12,615	-	12,615	202,071
Accounts payable and accruals	1,722,504	7,778,784	9,501,288	7,431,003
Employee benefits payable	1,343,668	7,656,656	9,000,324	8,971,095
Current portion of long-term debt (Note 8)	-	80,450	80,450	118,970
	3,078,787	15,515,890	18,594,677	16,723,139
Long-term debt (Note 8)	-	-	-	849,568
Deferred benefits entitlement (Note 7)	750,526	3,115,489	3,866,015	3,760,203
Deferred contributions (Note 11)	7,954,708	96,552,111	104,506,819	99,784,016
Trust liabilities	2,869	30,666	33,535	77,366
	8,708,103	99,698,266	108,406,369	104,471,153
Net Assets				
Invested in capital assets (Note 12)	845,567	1,720,939	2,566,506	2,568,472
Internally restricted net assets	267,064	-	267,064	131,707
Unrestricted net assets	(1,234,448)	(4,028,780)	(5,263,228)	(3,421,121)
	(121,817)	(2,307,841)	(2,429,658)	(720,942)
	11,665,073	112,906,315	124,571,388	120,473,350

Approved on behalf of the Board

Director

Director

Parkland Regional Health Authority Inc.
Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2008

	<i>Invested in capital assets</i>	<i>Internally restricted for capital purposes</i>	<i>Unrestricted</i>	2008 Total	<i>2007 Total</i>
Balance, beginning of year	2,568,472	131,707	(3,421,121)	(720,942)	1,724,766
Reclassification (Note 15)	142,036	217,176	(613,594)	(254,382)	(729,899)
Restated	2,710,508	348,883	(4,034,715)	(975,324)	994,867
Excess (deficiency) of revenues over expenses	(370,874)	(31,953)	(543,375)	(946,202)	(1,713,386)
Investment in capital assets	531,570	(38,628)	(492,942)	-	628
Internal transfers	114,041	(11,238)	(102,803)	-	(3,051)
Net assets transferred/amalgamated	(418,739)	-	(89,393)	(508,132)	
Balance, end of year	2,566,506	267,064	(5,263,228)	(2,429,658)	(720,942)

Parkland Regional Health Authority Inc.
Consolidated Statement of Operations

For the year ended March 31, 2008

	<i>Affiliates</i>	<i>Devolved</i>	2008	<i>2007</i>
Revenues				
Manitoba Health operating income (<i>Note 9</i>)	14,651,310	86,827,216	101,478,526	94,868,787
Patient income	2,476,339	5,137,228	7,613,567	7,115,722
Other income	409,827	3,127,171	3,536,998	4,960,372
Amortization of deferred contributions	510,211	3,455,657	3,965,868	4,146,929
	18,047,687	98,547,272	116,594,959	111,091,810
Expenses				
Acute care	6,494,082	39,232,465	45,726,547	44,187,989
Long-term care	10,421,945	23,553,462	33,975,407	32,148,225
Community and mental health	-	9,427,228	9,427,228	11,377,072
Homecare	123,230	11,696,016	11,819,246	9,504,042
Emergency response and transport	-	4,002,932	4,002,932	3,763,454
Parkland Regional Hospital Laundry Ltd.	-	1,053,966	1,053,966	969,418
Regional health costs (<i>Note 10</i>)	-	1,848,164	1,848,164	1,469,988
Medical remuneration – non global	389,570	4,010,066	4,399,636	3,710,918
Pre-retirement	181,270	758,269	939,539	969,381
Amortization of capital assets	576,514	3,762,248	4,338,762	4,678,771
Interest on long-term obligations	-	9,734	9,734	25,938
	18,186,611	99,354,550	117,541,161	112,805,196
Excess (deficiency) of revenues over expenses	(138,924)	(807,278)	(946,202)	(1,713,386)

Parkland Regional Health Authority Inc.

Consolidated Statement of Cash Flows

For the year ended March 31, 2008

	<i>Affiliates</i>	<i>Devolved</i>	2008	2007
Cash provided by (used in)				
Operations				
Deficiency of revenues over expenses	(138,924)	(807,278)	(946,202)	(1,713,386)
Items not involving cash:				
Amortization of capital assets	576,514	3,762,248	4,338,762	4,678,771
Amortization of deferred contributions	(510,211)	(3,455,657)	(3,965,868)	(4,146,929)
	(72,621)	(500,687)	(573,308)	(1,181,544)
Changes in non-cash operating working capital				
Temporary investments	73,826	(18,823,587)	(18,749,761)	2,062,554
Due from Manitoba Health	-	1,033,761	1,033,761	(2,144,067)
Other working capital	1,037,354	599,629	1,636,983	1,207,660
	1,111,180	(17,190,197)	(16,079,017)	1,126,147
Financing and Investing				
Purchase of capital assets	(221,742)	(8,313,095)	(8,534,837)	(4,708,989)
Disposal of capital assets	-	1,237,272	1,237,272	8,439
Purchase of long-term investments	2,510	17,354,914	17,357,424	(1,410,798)
Decrease in line of credit	(189,456)	-	(189,456)	(169,693)
Deferred contributions	133,680	8,291,234	8,424,914	4,184,156
Interfacility	(117,998)	117,998	-	-
Proceeds of long-term debt	-	-	-	804,758
Repayment of long-term debt	-	(83,330)	(83,330)	(87,273)
Use of reserve	-	-	-	(7,553)
Net asset transfers	-	-	-	(2,321)
	(393,006)	18,604,993	18,211,987	(1,389,274)
Increase (decrease) in cash resources during the year	645,553	914,109	1,559,662	(1,444,671)
Cash resources, beginning of year	688,723	4,269,004	4,957,727	6,402,398
Cash resources, end of year	1,334,276	5,183,113	6,517,389	4,957,727

Parkland Regional Health Authority Inc.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2008

1. Organization

The Parkland Regional Health Authority Inc. is a non-profit organization incorporated without share capital under the laws of Manitoba. The Parkland Regional Health Authority Inc. is involved in the provision of health care services to persons resident in the Parkland Region.

The Parkland Regional Health Authority Inc. is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations, and include the following significant accounting policies:

Basis of accounting

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenses are recognized, as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

The financial statements include the accounts of all controlled not-for-profit organizations of the Parkland Regional Health Authority Inc. All significant inter-departmental transactions have been eliminated.

The assets, liabilities, revenues and expenses of the following not-for-profit operations have been included in these financial statements:

Devolved facilities:

Dauphin Regional Health Centre
Roblin District Health Centre
Gilbert Plains Health Centre
Grandview Hospital District
Dauphin & District Ambulance Service
Roblin & District Ambulance Service
Grandview Personal Care Home
Parkland Regional Hospital Laundry Ltd.
Ste. Rose Ambulance Service
Swan Valley Ambulance Service
Swan Valley Lodge
Swan Valley Health Centre
Swan River Valley Personal Care Home
Benito Health Centre
Waterhen Ambulance Service

2. Significant accounting policies (continued)

Affiliates:

McCreary/Alonsa Health Centre
Hôpital Général – Ste. Rose – General Hospital
Winnipegosis – Mossey River Personal Care Home Inc.
Winnipegosis General Hospital
St. Paul's Home (Inc.)
Dr. Gendreau Personal Care Home Inc.

The Canadian Mental Health Association, Swan Valley Branch, Inc. is a member of the Canadian Mental Health Association of Canada and operates under the jurisdiction of the Manitoba Division of the Canadian Mental Health Association. In 2006/07, the financial statements included this organization as an affiliate. This organization has not been included in the consolidated statements of the Parkland Regional Health Authority as only 51% of its total revenue for the year ended March 31, 2008 originated from the Parkland Regional Health Authority. During the 2006/07 fiscal year the Canadian Mental Health Association, Swan Valley Branch, Inc. opened the Dauphin E.C.H.O. apartments. Revenue from these rental units has reduced the economic dependence of this organization on the Parkland Regional Health Authority below the 70% benchmark.

The Parkland Regional Health Authority Inc. also receives funding from independent organizations, which organize fundraising drives in various geographical areas exclusively for the use of the Parkland Regional Health Authority Inc. or its related entities. The extent of any funding provided by these independent entities are solely at the discretion of the board of directors of the independent entities.

A number of facilities within the Parkland Regional Health Authority Inc. receive donations from charitable foundations. As there is no control, significant influence or economic interest between the Parkland Regional Health Authority Inc. and these foundations, no financial information regarding these foundations is reported or disclosed in the financial statements of the Parkland Regional Health Authority Inc.

Inventory

Inventory is stated at the lower of cost and replacement cost. Cost is determined on the first-in, first-out basis.

Capital assets

Capital assets are recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of the assets over their estimated useful lives.

Buildings	20 to 40 years
Equipment	4 to 20 years

2. Significant accounting policies (continued)

Long-lived assets

Long-lived assets consist of capital assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Organization performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in operations for the year.

Quoted market prices and prices for similar items are used to measure fair value of long-lived assets.

Benefits obligation

The Health Authority applies the accounting recommendations for employee future benefits contained in *Section 3461 of the Canadian Institute of Chartered Accountant's Handbook*. The pre-retirement benefits are determined by actuarial valuation.

Revenue recognition

The Parkland Regional Health Authority Inc. follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed services

A number of individuals donate significant amounts of time to the Organization's activities. No amount is reflected in the statements for donated services since no objective basis is available to measure the value of such services.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are made for amortization, based on the useful lives of capital assets, amounts due from Manitoba Health, revenue from Manitoba Health and In-Globe and Out-of-Globe funding that is not yet approved. Retirement obligations are based on actuarial valuations.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in operations in the periods in which they become known.

2. Significant accounting policies (continued)

Financial instruments

In January 2005, the Canadian Institute of Chartered Accountants' ("CICA") issued new recommendations for the recognition and measurement of financial instruments, and amendments to the existing presentation and disclosure standards, effective for financial statements with fiscal years beginning on or after October 1, 2006. On April 1, 2007, the Organization implemented these new standards, the main requirements of which are set out below:

Held for trading:

The Organization has classified the following financial assets and liabilities as held for trading: cash. These instruments are initially recognized at their fair value, determined by published bid price in an active market. Transactions to purchase or sell these items are recorded on the trade date, and transaction costs are immediately recognized in operations.

Fees incurred on an exchange of financial liabilities or a modification of the terms of financial liabilities that is accounted for as an extinguishment are included as part of the gain or loss on extinguishment, while any related other costs incurred are recognized in current year operations. All fees and costs incurred on the exchange or modification of a financial liability not accounted for as an extinguishment, are recognized in current year operations.

Loans and receivables:

The Organization has classified the following financial assets as loans and receivables: accounts receivable and Manitoba Health Receivable – employee benefits obligation, Due from Manitoba Health. These assets are initially recognized at their fair value approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date, and transaction costs are immediately recognized in operations.

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability. Gains and losses arising from changes in fair value are recognized in net operations upon derecognition or impairment.

Held to maturity:

The Credit Union has classified the following financial assets as held to maturity: current investments and accrued interest. These assets are initially recognized at their fair value, determined by recent arm's length market transactions for the same instrument. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date, and transaction costs are immediately recognized in operations, while transaction costs arising from their disposal are immediately recognized in operations. Total interest income, calculated using the effective interest rate method, is recognized in net operations.

Held to maturity financial assets are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability. Gains and losses arising from changes in fair value are recognized in net operations upon derecognition or impairment.

Parkland Regional Health Authority Inc.
Notes to the Consolidated Financial Statements

For the year ended March 31, 2008

2. Significant accounting policies (continued)

Other financial liabilities:

The Organization has classified the following financial liabilities as other financial liabilities: accounts payable, accruals employee benefits payable and Due to Manitoba Health. These liabilities are initially recognized at their fair value approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date, and transaction costs are immediately recognized in operations. Total interest expense, calculated using the effective interest rate method, is recognized in net revenue.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Gains and losses arising from changes in fair value are recognized in net revenue upon derecognition or impairment.

Financial asset impairment:

The Organization assesses impairment of all its financial assets, except those classified as held for trading. Impairment is measured as the difference between the asset's carrying value and its fair value. Any impairment, which is not considered temporary, is included in current year operations.

3. Accounts receivable	<i>2008</i>	<i>2007</i>
Accrued interest	7,908	28,763
Ambulance	229,692	278,363
Ambulance - Health Canada First Nations Inuit Health	262,655	139,860
Apotex Inc. – Signet	75,962	-
CancerCare Manitoba	-	103,136
Dauphin General Hospital Foundation	75,394	70,253
Diagnostic Services Manitoba	193,895	102,157
Employee Education Advances	95,232	102,823
Health Sciences Centre – Provincial Dialysis Program	61,976	-
Manitoba Housing and Renewal Corporation	-	10,000
Other	958,563	574,731
QA Adjusting Company	154,286	-
Residents/ Patients	253,784	162,343
Swan Valley Health Facilities Foundation Inc.	4,443	87,064
Swan Valley Gas Corporation Credit	-	138,843
	2,373,789	1,798,336

Parkland Regional Health Authority Inc.
Notes to the Consolidated Financial Statements

For the year ended March 31, 2008

4. Due from Manitoba Health	<i>2008</i>	<i>2007</i>
Current years Operating Funding	2,187,355	648,227
Out of Globe – 2007/2008	(615,719)	-
Out of Globe – 2006/2007	-	(283,682)
Out of Globe – 2005/2006	-	(331,663)
Approved Capital Funding	588,586	3,154,720
Ambulance Interfacility Transfers and Lifeflights	346,316	352,697
	2,506,538	3,540,299

In-Globe Funding

In-Globe funding is funding approved by Manitoba Health for Regional Health Authority programs unless otherwise specified as Out-of-Globe funding. This includes volume changes and price increases for the five service categories of Acute Care, Long-Term Care, Community and Mental Health, Home Care and Emergency Response and Transport. All additional costs in these five service categories must be absorbed from within the global funding provided.

Any operating surplus greater than 2% of budget related to In-Globe funding arrangements is recorded on the statement of financial position as a payable to Manitoba Health until such time as Manitoba Health reviews the financial statements. At that time Manitoba Health determines what portion of the approved surplus may be retained by the Authority, or repaid to Manitoba Health.

Under Manitoba Health policy the Regional Health Authority is responsible for In-Globe deficits, unless otherwise approved by Manitoba Health.

Out-of-Globe Funding

Out-of-Globe funding is funding approved by Manitoba Health for specific programs.

Any operating surplus related to Out-of-Globe funding arrangements is recorded on the statement of financial position as a payable to Manitoba Health until such time as Manitoba Health reviews the financial statements. At that time Manitoba Health determines what portion of the approved surplus may be retained by the Authority, or repaid to Manitoba Health.

Conversely, any operating deficit related to Out-of-Globe funding arrangements is recorded on the statement of financial position as a receivable from Manitoba Health until such time as Manitoba Health reviews the financial statements. At that time, Manitoba Health determines their final funding approvals, which indicate the portion of the deficit that will be paid to the Authority. Any unapproved costs not paid by Manitoba Health are absorbed by the Authority.

Parkland Regional Health Authority Inc.
Notes to the Consolidated Financial Statements

For the year ended March 31, 2008

5. Investments

	<i>2008</i>	<i>2007</i>
Manitoba Health sinking fund – trust account, various short-term and long-term investments earning interest of 2.75% to 6.00% maturing between June 2, 2008 and July 31, 2008. Sinking fund payment of \$20,550,000 due August 2, 2008.	18,820,271	17,334,631
Royal Bank money market funds earning an annual rate of 3.42%.	100,250	96,934
Various Investments	-	183,998
	18,920,521	17,615,563
Amount due within one year included in current investments	(18,920,521)	(258,139)
	-	17,357,424

6. Capital assets

	<i>Cost</i>	<i>Accumulated Amortization</i>	<i>2007 Net Book Value</i>	<i>2006 Net Book Value</i>
Land	676,319	-	676,319	626,319
Buildings	104,921,978	34,447,439	70,474,539	71,285,540
Equipment	32,470,007	25,216,816	7,253,191	8,052,740
Construction in progress	1,713,651	-	1,713,651	580,441
	139,781,955	59,664,255	80,117,700	80,545,040

	<i>Cost</i>	<i>Accumulated Amortization</i>	<i>2008 Net Book Value</i>	<i>2007 Net Book Value</i>
Land	606,685	-	606,685	676,319
Buildings	104,024,724	36,995,508	67,029,206	70,474,539
Equipment	30,283,897	24,117,725	6,166,172	7,253,191
Construction in progress	8,096,888	-	8,096,888	1,713,651
	143,012,185	61,113,233	81,898,952	80,117,700

7. Benefits obligation

The Health Authority recorded pre-retirement, accrued vacation, statutory holiday and overtime salary liability as benefits obligation. Funding for the entitlement as at March 31, 2004 is recoverable from Manitoba Health.

Accrued retirement entitlement

The Health Authority has a contractual commitment to pay out to employees four days salary per year of service upon retirement if they comply with the following conditions:

- i) have ten years service and have reached the age of 55 or
- ii) qualifies for the "eighty" rule which is calculated by adding the number of years service to the age of the employee
- iii) retires at or after age 65 or
- iv) terminates employment at any time due to permanent disability

The Health Authority has recorded an accrual amount based on an actuarial valuation that includes employees who qualify at the year-end balance sheet date and an estimate for the remainder of the employees who have not yet met the criteria above. Funding for the retirement entitlement accrued prior to March 31, 2004 is recoverable from Manitoba Health on an Out-of-Globe basis in the year of payment. The amount recorded as a receivable from the Province for pre-retirement costs was initially determined based on the value of the corresponding actuarial liability for pre-retirement costs as at March 31, 2004. Subsequent to March 31, 2004, the Province has included in its ongoing annual funding to the Health Authority, an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province when the Authority requires the funding to discharge the related pre-retirement liabilities

Each year, the Health Authority updates an actuarial valuation of the accrued retirement entitlements. The significant actuarial assumptions adopted in measuring the accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 5.50% (4.85% in 2007) and a rate of salary increase of 3.5% (3% in 2007) plus age related merit/promotion scale with nil disability.

Pension plan

Most of the employees of the Authority are members of the Healthcare Employees Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees. Plan members will receive benefits based on the length of service and on the average annualized earnings calculated on the best five of the eleven consecutive years prior to retirement, termination or death, that provide the highest earnings. The costs of the benefit plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the Plan is accounted for as a defined contribution plan in accordance with the requirements of the *Canadian Institute of Chartered Accountants' Handbook section 3461*.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing assets in trust and through the Plan investment policy. Pension expense is based on Plan management's best estimates, in consultation with its actuaries, together with the 6.8% (6.4% in 2007) of basic annual earnings up to the Canada Pension Plan ceiling contributed by employees and 8.4% (8.0% in 2007) thereafter, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for the employer contributions to the Plan to remain a constant percentage of employees' contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the Plan as at December 31, 2006, indicates that the Plan is fully funded.

Parkland Regional Health Authority Inc.
Notes to the Consolidated Financial Statements

For the year ended March 31, 2008

7. Benefits obligation (continued)

The December 2002 Health Employees Pension Plan (HEPP) actuarial valuation revealed that current contribution levels are insufficient to fund basic plan benefits, and do not make provisions for unexpected unfunded liabilities. The HEPP Board had two options:

- i) to request a rate increase from the signatory boards and unions or
- ii) to reduce benefits.

In January 2005, the Board proposed the contribution rate increases over three years, which was approved by the signatory unions and employers in mid April 2005. The Plan's actuary review indicates that the approved contribution rate increases should be sufficient for the pension Plan to remain fully-funded at this time.

Actual contributions to the Plan made during the year by the Authority on behalf of its employees amounted to \$2,984,605 (2007 – \$3,652,753) and are included in the statement of operations.

8. Long-term debt

	2008	2007
Debt Payable		
Debt Payable		
Held on behalf of Gilbert Plains Health Centre Inc. by Province of Manitoba repayable in annual instalments of \$80,450 including interest at 11.125%, secured by the value of \$1,263,361, due June 1, 2008.	80,450	160,900
Loan Payable		
GMAC bearing interest at 1.900% payable in monthly installments of \$578 including interest, secured by a 2002 Chevrolet Venture, due August 2007.	-	2,880
Dauphin Plains Credit Union loan payable, secured by promissory note, 1 st mortgage on land and buildings, General Security Agreement covering all business assets, and assignment of rents, repayable in monthly installments at 5.84%, 48 month term matures July 31, 2010.	-	304,758
Manitoba Housing and Renewal Corporation loan payable repayable in monthly instalments of \$2,778 including interest at 0%, secured by 2 nd mortgage on land and building, matures March 31, 2022.	-	500,000
	80,450	968,538
Amount due within one year included in current liabilities	(80,450)	(118,970)
	-	849,568

Principal repayments required in each of the next five years are estimated as follows:

2009 80,450

Parkland Regional Health Authority Inc.
Notes to the Consolidated Financial Statements

For the year ended March 31, 2008

9. Manitoba Health operating income	2008	2007
Revenue as per Manitoba Health's final funding document	101,679,338	95,610,874
Add:		
Wage Settlements	1,708,562	545,928
Medical Remuneration Adjustments	84,681	118,551
Renal Unit Expansion	46,669	-
SSGL Expansion	15,000	-
Provincial Data Network Funding	3,428	39,678
	103,537,678	96,315,031
Deduct:		
Non-Global surplus repayable for 2007/08	(479,427)	(340,803)
	103,058,251	95,974,228
Add:		
Emergency Services Billings	1,439,378	495,429
Immunization Program	104,635	104,635
Influenza Program	77,585	101,859
Community Health Needs Assessment	4,033	1,242
Information Technology Training	6,752	-
Non Global Adjustments	391,771	1,104,927
Chronic Disease Prevention Initiative	73,506	91,459
Risk Factor and Complication Assessment Funding	12,144	15,612
Med2020 Maintenance	59,335	57,865
Telepsychiatry Clinics	16,842	25,736
Board expenses	2,921	6,173
Workplace Health and Safety – Lift and Transfer expenses	3,214	41,708
Provincial Client Registry	2,641	-
Primary Healthcare Transition Fund	-	208,614
Self Help Centre	-	43,700
Diagnostics Backfill Costs	-	9,000
W.H.I.C.	-	120,000
	105,253,008	98,402,187
Deduct:		
Amounts recorded as deferred contributions for:		
- Long-term debt	(824,065)	(675,912)
- Equipment funding	(459,870)	(459,864)
- Major repairs	(37,495)	(37,488)
- Capital interest on loans reclassified to deferred contributions	(2,453,052)	(2,360,136)
	101,478,526	94,868,787

Parkland Regional Health Authority Inc.
Notes to the Consolidated Financial Statements

For the year ended March 31, 2008

10. Regional Health Authority costs

	2008	2007
Corporate office salaries	865,699	876,298
Corporate office benefits	146,361	126,568
Expenses paid on behalf of facilities	228,304	27,778
Board expenses	77,938	108,573
Recruitment	28,000	46,800
Medical Remuneration - Global	223,223	-
Other	278,639	283,971
	1,848,164	1,469,988

11. Deferred contributions

Expended and unexpended deferred contributions represent restricted capital funding received.

Expended deferred contributions related to capital assets represent the unamortized amount of funds received for the purchase of capital assets and the repayment of capital debt. The amortization of capital deferred contributions is recorded as revenue in the statement of operations.

Unexpended deferred contributions related to expenses of future periods represent unspent externally restricted grants for equipment, major repairs, construction and other expenses.

Other deferred contributions represent donations that were received from other sources restricted by site or by program for the purchase of capital assets or other items, as per the donor's request.

Changes in the deferred contributions balance are as follows:

	Donation	Unexpended	Expended	2008	2007
Balance, beginning of year	260,933	3,383,705	91,063,380	94,708,018	95,115,755
Reclassification	(19,407)	(14,224)	282,213	248,581	(8,085)
Capital asset additions	(63,235)	(654,295)	8,019,022	7,301,492	3,162,099
Capital asset disposals	-	-	(1,221,413)	(1,221,413)	-
Capital funding	387	559,415	631,205	1,191,007	477,644
Interest and donations	150,764	29,098	(30,870)	148,992	118,496
Amortization	(116)	-	(3,965,752)	(3,965,868)	(4,146,929)
Other operating expenses	(38,811)	-	-	(38,811)	(10,962)
	290,514	3,303,698	94,777,785	98,371,997	94,708,018
Deferred revenue				6,134,822	5,075,998
				104,506,819	99,784,016

Parkland Regional Health Authority Inc.
Notes to the Consolidated Financial Statements

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11. Deferred contributions

The lines of credit and long-term debt that have been incorporated in deferred contributions include the following:

	2008	2007
Lines of credit	8,443,616	-
Mortgages payable to Canada Mortgage and Housing Corporation at interest rates from 4.16% to 9.63%, due from 2019 to 2029, with monthly payments of principal and interest from \$2,235 to \$8,356, secured by buildings	3,063,992	3,165,196
	11,507,608	3,165,196

Lines of Credit

The Authority has authorized capital lines of credit of \$9,405,990 and has authorized \$3,400,000 of an operating line of credit. These lines of credit bear interest at the bank's prime rate minus 0.8%. Security provided on these lines of credit includes an overdraft borrowing agreement and a letter of comfort from Manitoba Health.

12. Invested in capital assets

	Affiliates	Devolved	2008	2007
Capital Assets	8,425,878	73,473,074	81,898,952	80,117,700
Amounts financed by:				
Deferred contributions and revenue related to capital assets	(7,823,014)	(95,999,600)	(103,822,614)	(97,901,678)
Long-term debt	-	(80,450)	(80,450)	(968,538)
Cash – capital	120,061	1,284,532	1,404,593	816,599
Temporary investments – capital	79,844	-	79,844	12,597
Accounts receivable – capital	-	368,869	368,869	78,683
Due from Manitoba Health – capital	-	588,586	588,586	3,154,720
Prepaid expenses – capital	-	14,398	14,398	400
Long-term investments – capital	-	18,820,271	18,820,271	17,334,631
Accounts payable – capital	(2,383)	(539,415)	(541,798)	(45,171)
Due from operating account	45,181	3,790,674	3,835,855	(31,471)
	845,567	1,720,939	2,566,506	2,568,472

13. Commitments and contingencies

The nature of the health care industry's activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at March 31, 2008 management believes the Authority has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Authority's financial position.

On July 1, 1987, a group of health care organizations, ("subscribers"), formed Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a Reciprocal pursuant to provincial Insurance Acts, which permit person's reciprocal contracts of the indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, of any losses experienced by the group of subscribers for the years in which they were a subscriber. As of December 31, 2006, the Authority has a subscriber's surplus of \$109,660. No such assessments have been made to December 31, 2007.

Environmental Liabilities

Management has indicated that asbestos had been found in contained areas within the one of the Affiliate's buildings. An Asbestos Abatement Consultant inspected the building in 2005 to determine the extent of the asbestos exposure and made recommendations on how to resolve the issue. Preliminary funding of \$750,000 has been approved to finance the abatement program. As of March 31, 2008, the architect has completed the contract document phase and the bidding phase. Based on the sole tender submitted during the bidding phase, the cost of the asbestos abatement was estimated at \$1.1 million. The Parkland Regional Health Authority is currently requesting \$350,000 in additional funding for the project.

14. Economic dependence

The Parkland Regional Health Authority Inc. received 87% of its total revenue for the year ended March 31, 2008 from Manitoba Health.

15. Comparative amounts

Certain comparative figures have been reclassified to conform with the current year presentation. These adjustments included a reclassification in the current year from deferred contributions to net assets invested in capital assets, internally restricted net assets, and capital assets purchased from unrestricted net assets in previous years for a net amount of \$254,382.

16. Amalgamation

During the year, Parkland Regional Health Authority Inc. combined Waterhen Ambulance Service with their current operations effective September 30, 2007. Assets were transferred at net book value.

17. Related party transactions

The Health Authority is responsible for the overall management of the health care services provided in the Parkland region. Programs are delivered in the region by the Authority through its direct service operations, by Hospitals through operating agreements, by proprietary and non-proprietary personal care. The Health Authority transacts business on a regular basis with organizations and agencies described in Notes 2, 4, 5, 7, 9 and 14.

As part of a transfer agreement between Diagnostic Services of Manitoba and the Authority, assets with a net book value of \$1,252,090 were transferred to Diagnostic Services of Manitoba for no cash proceeds.

18. Change in accounting policy

Effective April 1, 2007, the Health Authority adopted the Canadian Institute of Chartered Accountants' new recommendations for the recognition and measurement of financial instruments, and amendments to the existing presentation and disclosure standards, as described in Note 2.

CICA 1530 *Comprehensive Income* establishes standards for reporting and displaying certain gains and losses, such as unrealized gains and losses related to cash flow hedges or available-for-sale financial assets, outside of net income, in a statement of comprehensive income (loss). Comprehensive income (loss) is defined as the change in equity of the Organization arising from transactions and other events and circumstances, except those resulting from owner investment and distribution. Accumulated comprehensive income (loss) is separately disclosed as a component of equity.

Although the requirements of CICA 1530 *Comprehensive Income* are not applicable for not-for-profit organizations, amendments to CICA 4400 *Not-For-Profit Organizations* require presentation of gains, losses, revenues and expenses arising from derivatives, hedges and other financial instruments as separate components of the change in net assets.

The Health Authority had no items requiring reclassification to net assets.

19. New Accounting pronouncements

Capital disclosures and financial instruments – disclosure and presentation

On April 1, 2008, the Health Authority will adopt three new CICA Handbook sections: Section 1535 Capital Disclosures, Section 3862, Financial Instruments – Disclosures, and Section 3863, Financial Instruments – Presentation. Section 1535 requires disclosure of an entity's objectives, policies and processes for managing capital; information about what the entity regards as capital; whether the entity has complied with any capital requirements; and the consequences of not complying with these capital requirements. Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation. Section 3863 carries forward unchanged with the presentation requirements of Section 3861 while 3862 requires enhanced financial instruments and how the entity manages those risks. The Health Authority will apply the new disclosures in its 2009 financial statements