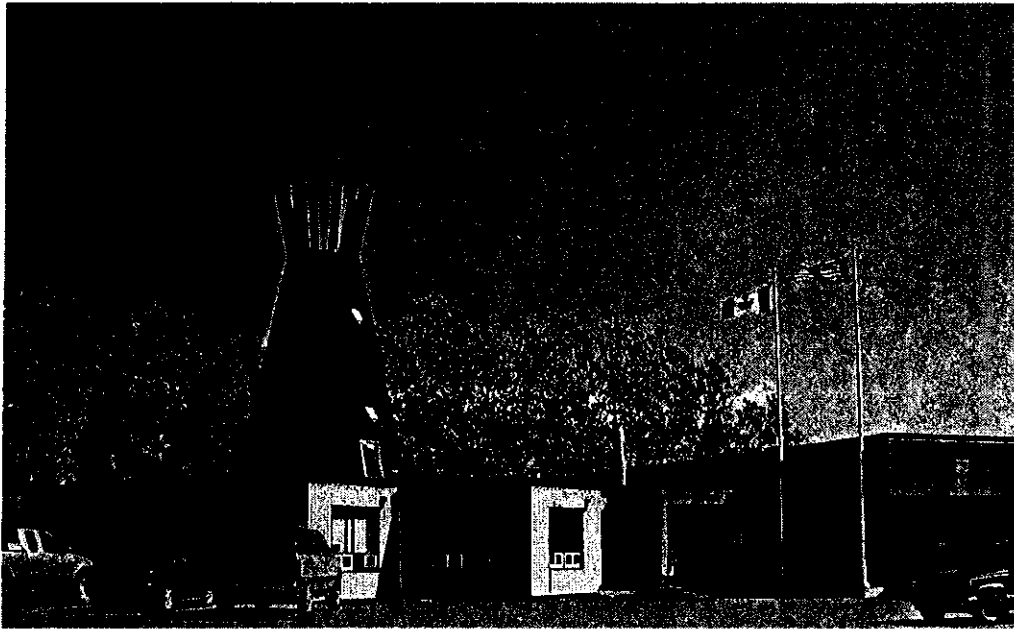




PEACE RIVER REGIONAL HOSPITAL DISTRICT



2005

Annual Financial Statements

PEACE RIVER REGIONAL
HOSPITAL DISTRICT

Consolidated Financial Statements
Year Ended December 31, 2005
and Auditors' Report

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CHARTERED ACCOUNTANTS

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1.

AUDITORS' REPORT

To the Board Members of Peace River Regional Hospital District

We have audited the consolidated statement of financial position of Peace River Regional Hospital District as at December 31, 2005 and the consolidated statement of financial activities and changes in fund balances for the year then ended. These financial statements are the responsibility of Peace River Regional Hospital District'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 financial statements present fairly, in all material respects, the financial position of Peace River Regional Hospital District as at December 31, 2005 and the results of its operations and the changes in financial position for the year ended in accordance with Canadian generally accepted accounting principles.

Dawson Creek, BC
May 11, 2006

Sander Rose Trobak
Chartered Accountants



Member, Chartered Accountants of British Columbia

* Denotes Professional Corporations

PEACE RIVER REGIONAL HOSPITAL DISTRICT
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 DECEMBER 31, 2005

	2005	2004
FINANCIAL ASSETS		
Cash	\$ 19,215	\$ 34,025
Investments (Note 3)	1,401,570	1,260,834
Receivables	265	115
Municipal Finance Authority reserve deposits (Note 4)	1,129,987	1,138,773
	<u>2,551,037</u>	<u>2,433,747</u>
LIABILITIES		
Temporary borrowing (Note 5)	456,400	410,766
Payables and accruals	8,780	447,782
Accrued interest on long term debt	254,048	256,565
Municipal Finance Authority debt reserve (Note 4)	1,129,987	1,138,773
Long term debt (Note 6)	9,221,188	10,548,643
	<u>11,070,403</u>	<u>12,802,529</u>
Net Financial Liabilities	(8,519,366)	(10,368,782)
Unamortized grants to health care facilities (Page 8)	9,677,588	10,959,410
Net assets	<u>\$ 1,158,222</u>	<u>\$ 590,628</u>
REGIONAL HOSPITAL DISTRICT POSITION		
Fund balances:		
Operating Fund (Page 9)	\$ 1,315,039	\$ 763,980
Capital Reserve Fund (Page 10)	97,231	83,213
	<u>1,412,270</u>	<u>847,193</u>
Unfunded debenture debt interest accrual	(254,048)	(256,565)
Regional Hospital District Position	<u>\$ 1,158,222</u>	<u>\$ 590,628</u>

See accompanying notes to consolidated financial statements

Approved by:


 K. Troch, Director of Finance

Sander Rose Trobak
 CHARTERED ACCOUNTANTS

PEACE RIVER REGIONAL HOSPITAL DISTRICT

3.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2005

	2005 Actual	2005 Budget (unaudited)	2004 Actual
REVENUE			
Tax requisition	\$ 3,800,000	\$ 3,800,000	\$ 2,614,000
Grants-in-lieu of taxes	5,165	2,500	5,416
Debenture refund	11,693	-	26,976
Debt reserve refund	3,441	-	8,130
Transfer from reserve	-	80,000	-
Interest	32,766	10,000	34,840
	3,853,065	3,892,500	2,689,362
EXPENDITURES			
Administrative	5,000	5,000	5,000
Health Liaison - Stage 1 and 2	-	94,500	2,492
Debenture interest	1,548,067	1,271,815	1,561,970
Temporary borrowing interest	18,519	50,000	17,443
Grants to health care facilities	1,038,293	1,253,813	1,258,923
Debenture issue expense	-	-	9,495
	2,609,879	2,675,128	2,855,323
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES			
	1,243,186	1,217,372	(165,961)
(DEDUCT) ADD:			
Debt principal repayment	(932,157)	(932,157)	(797,970)
Expenditures capitalized	(45,634)	(800,000)	(432,922)
Loan proceeds	45,634	800,000	432,922
Temporary borrowing principal repayment	-	(80,000)	-
Debt cost recovery	-	-	9,495
Unfunded debt interest accrual	254,048	-	256,565
	(678,109)	(1,012,157)	(531,910)
CHANGES IN FUND BALANCES			
	565,077	205,215	(697,871)
FUND BALANCES,			
beginning of year	847,193	111,018	1,545,064
FUND BALANCES,			
end of year	\$ 1,412,270	\$ 316,233	\$ 847,193

See accompanying notes to consolidated financial statements

Sander Rose Trobak
CHARTERED ACCOUNTANTS

1. PURPOSE OF THE ORGANIZATION

The Peace River Regional Hospital District is incorporated under the Hospital District Act, a Statute of the Province of British Columbia. Its principal activities are to fund capital equipment purchases and finance capital construction projects for Health Care Facilities within the Regional District, through debenture debt. These activities are recovered through property tax requisitions.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The consolidated financial statements of the Peace River Regional Hospital District are the representations of management and have been prepared in accordance with local government accounting standards established by the Public Sector Accounting and Auditing Standards Board (PSAAB) of the Canadian Institute of Chartered Accountants.

Use of estimates

These financial statements have been prepared in accordance with Canadian generally accepted accounting principals which require management estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Financial instruments

The Regional Hospital District's financial instruments consist of cash and investments, receivables, Municipal Finance Authority reserve deposits, temporary borrowing, payables and accruals, long term debt and Municipal Finance Authority demand notes. Unless otherwise noted, it is management's opinion that the Regional Hospital District is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

Revenue and expenditure recognition

Accounting for all funds is done on the full accrual basis.

3. INVESTMENTS

Investments of the Regional Hospital District are held on deposit with the Municipal Finance Authority of British Columbia. Investments are recorded at cost, which equals fair market value.

	2005	2004
Money market funds	\$ 1,401,570	\$ 1,260,834

4. MUNICIPAL FINANCE AUTHORITY DEBT RESERVE

With respect to amounts financed through the Authority, the Regional Hospital District is required to pay into a Debt Reserve Fund administered by the Authority, an amount equal to one-half the average annual instalment of principal and interest relative to any borrowing for its own purposes. This amount may be paid either in full or in an amount of cash equal to 1% of the principal amount borrowed together with a non-interest bearing demand note for the balance. If, at any time, the Hospital District does not have sufficient funds to meet payments or sinking fund contributions due on its obligations, the payments or sinking fund contributions shall be made from the Debt Reserve Fund. The demand notes payable to the Authority are callable only if there are additional requirements to be met to maintain the level of the Debt Reserve Fund.

5. TEMPORARY BORROWING

The temporary borrowing represents short-term borrowing arranged for capital project completion and bears interest at variable rates.

	2005	2004
Chetwynd/Dawson Creek renovations Bylaw 172	\$ 456,400	\$ 410,766

6. LONG TERM DEBT

Issue Number	Interest Rate (%)	Maturity Date	2005 Debentured Amount	2004 Debentured Amount
MFA# 71	5.84	December 1, 2004	\$ 242,703	\$ 242,703
MFA# 580	12.57	April 2, 2005	-	81,200
MFA# 511	7.25	September 21, 2005	-	142,381
MFA# 77	6.06	June 1, 2007	878,965	878,965
MFA# 625	6.68	June 11, 2007	37,800	37,800
MFA# 597	9.62	April 8, 2008	670,400	670,400
MFA# 600	10.15	July 8, 2008	271,600	271,600
MFA# 602	10.23	September 9, 2008	264,000	264,000
MFA# 604	10.10	November 10, 2008	219,200	219,200
MFA# 522	9.61	July 10, 2009	152,799	152,799
MFA# 525	9.62	October 10, 2009	220,000	220,000
MFA# 527	10.36	April 10, 2010	439,134	439,134
MFA# 519	10.75	February 21, 2011	151,148	151,148
Carried forward			\$ 3,547,749	\$ 3,771,330

PEACE RIVER REGIONAL HOSPITAL DISTRICT
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2005

6. LONG TERM DEBT (continued)

Issue Number	Interest Rate (%)	Maturity Date	2005 Debentured Amount	2004 Debentured Amount
Balance forward			\$ 3,547,749	\$ 3,771,330
MFA# 77	6.06	June 11, 2011	376,289	376,289
MFA# 615	9.50	January 9, 2012	97,036	97,036
MFA# 537	9.41	May 8, 2012	74,083	74,083
MFA# 77	6.06	June 1, 2012	65,407	65,407
MFA# 77	6.06	June 1, 2012	247,808	247,808
MFA# 539	9.17	July 10, 2012	47,987	47,987
MFA# 514	8.50	August 23, 2013	555,086	555,086
MFA# 611	8.50	August 23, 2013	626,479	626,479
MFA# 613	8.50	August 23, 2013	2,205,616	2,205,616
MFA# 619	8.50	August 23, 2013	213,679	213,679
MFA# 621	8.50	August 23, 2013	122,985	122,985
MFA# 628	9.25	August 23, 2013	397,000	397,000
MFA# 610	9.60	June 9, 2014	207,668	207,668
MFA# 622	7.50	June 9, 2014	187,391	187,391
MFA# 626	9.63	June 9, 2014	2,295,304	2,295,304
MFA# 71	5.99	December 1, 2014	1,132,286	1,132,286
MFA# 517	7.88	November 30, 2016	26,836	26,836
MFA# 624	7.88	November 30, 2016	239,684	239,684
MFA# 623	6.00	June 9, 2017	47,716	47,716
MFA# 77	6.06	June 1, 2022	462,531	462,531
MFA# 77	6.06	June 1, 2022	2,349,995	2,349,995
MFA# 81	4.86	April 22, 2024	1,266,032	1,266,032
			16,792,647	17,016,228
Deduct: sinking funds accumulated to retire long term debt			(7,571,459)	(6,467,585)
			\$ 9,221,188	\$ 10,548,643

Sinking fund principal payment commitments for the next five years, assuming no change in the terms or interest rates are as follows:

2006	\$ 917,613
2007	\$ 917,613
2008	\$ 687,380
2009	\$ 643,394
2010	\$ 455,220

PEACE RIVER REGIONAL HOSPITAL DISTRICT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2005

7.

7. APPROPRIATED FUND BALANCE

The appropriated fund balance represents unused operating funds that were budgeted for specific capital projects. These funds are segregated into minor and major capital projects. (Previously referred to as Pot 1 (Minor) and Pot 2 (Major) capital projects). The balance at year end is comprised of the following:

		Minor Capital Projects	Major Capital Projects	Total
2003	\$	274,855	\$ -	\$ 274,855
2002		46,391	-	46,391
	\$	321,246	\$ -	\$ 321,246

PEACE RIVER REGIONAL HOSPITAL DISTRICT
 SCHEDULE OF UNAMORTIZED GRANTS TO HEALTH CARE FACILITIES
 YEAR ENDED DECEMBER 31, 2005

	2005	2004
Chetwynd General Hospital	\$ 354,158	\$ 496,539
Fort St. John General Hospital	3,305,696	3,305,696
Pouce Coupe Community Hospital	890,739	890,739
Dawson Creek and District Hospital	6,701,547	6,782,747
Tumbler Ridge Diagnostic and Treatment Centre	162,862	162,862
Peace Lutheran Extended Care Home	1,472,645	1,472,645
Dawson Creek Health Unit	267,943	267,943
Fort St. John Health Unit	276,112	276,112
Hudson's Hope Diagnostic and Treatment Centre	1,132,286	1,132,286
NPHC/SPHC Bylaw 167/168	2,228,660	2,228,660
Chet Reno/DC Reno Bylaw 172	456,400	410,766
	17,249,048	17,426,995
Deduct: amortization		
sinking fund payments	(5,388,787)	(4,559,447)
sinking fund income	(2,182,673)	(1,908,138)
	(7,571,460)	(6,467,585)
Unamortized grants, end of year	\$ 9,677,588	\$ 10,959,410

The Peace River Regional Hospital District provides capital financing for Regional Health Care Facility capital projects under the approval of capital project bylaws. The management of the capital projects is the direct responsibility of the Health Care facility's administration.

PEACE RIVER REGIONAL HOSPITAL DISTRICT
 SCHEDULE OF OPERATING FUND ACTIVITIES
 YEAR ENDED DECEMBER 31, 2005

	2005 Actual	2005 Budget (unaudited)	2004 Actual
REVENUE			
Tax requisition	\$ 3,800,000	\$ 3,800,000	\$ 2,614,000
Grants-in-lieu of taxes	5,165	2,500	5,416
Debenture refund	11,693	-	26,976
Debt reserve refund	3,441	-	8,130
Interest on investments	30,441	10,000	33,055
	3,850,740	3,812,500	2,687,577
EXPENDITURES			
Administrative	5,000	5,000	5,000
Health Liason - Stage 1 & 2	-	94,500	2,492
Debenture interest	1,548,067	1,271,815	1,561,970
Temporary borrowing interest	18,519	50,000	17,443
Grants to health care facilities	1,038,293	1,253,813	1,258,923
Debenture issue expense	-	-	9,495
	2,609,879	2,675,128	2,855,323
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	1,240,861	1,137,372	(167,746)
(DEDUCT) ADD:			
Debenture debt principal repayment	(932,157)	(932,157)	(797,970)
Transfer to capital reserve fund	(11,693)	-	(26,976)
Debt cost recovery	-	-	9,495
Unfunded debt interest accrual	254,048	-	256,565
	(689,802)	(932,157)	(558,886)
CHANGE IN OPERATING FUND BALANCE	551,059	205,215	(726,632)
OPERATING FUND BALANCE, beginning of year	763,980	1,232,407	1,490,612
OPERATING FUND BALANCE, end of year	\$ 1,315,039	\$ 1,437,622	\$ 763,980
Unappropriated Fund Balance	\$ 993,793	\$ -	\$ 367,584
Appropriated Fund Balance (Note 7)	321,246	-	396,396
	\$ 1,315,039	\$ -	\$ 763,980

PEACE RIVER REGIONAL HOSPITAL DISTRICT
 SCHEDULE OF CAPITAL RESERVE FUND ACTIVITIES
 YEAR ENDED DECEMBER 31, 2005

	2005 Actual	2005 Budget (unaudited)	2004 Actual
REVENUE			
Interest	\$ 2,325	\$ -	\$ 1,785
Transfer from operating	11,693	-	26,976
	14,018	-	28,761
CAPITAL RESERVE FUND,			
beginning of year	83,213	83,213	54,452
CAPITAL RESERVE FUND,			
end of year	\$ 97,231	\$ 83,213	\$ 83,213