

PEACE RIVER REGIONAL

HOSPITAL DISTRICT

Consolidated Financial Statements

Year Ended December 31, 2008

and Auditors' Report

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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, 2008 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, 2008 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
April 27, 2009

Sander Rose Trobak LLP
Chartered Accountants



Member, Chartered Accountants of British Columbia

* Denotes Professional Corporations

PEACE RIVER REGIONAL HOSPITAL DISTRICT
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 DECEMBER 31, 2008

	2008	2007
FINANCIAL ASSETS		
Cash	\$ 51,346	\$ 53,566
Investments (Note 3)	16,223,285	12,059,867
Receivables	428	3,225
Municipal Finance Authority reserve deposits (Note 4)	1,609,981	1,677,814
	17,885,040	13,794,472
LIABILITIES		
Payables and accruals	9,203,256	10,667,463
Accrued interest on long term debt	249,350	328,734
Municipal Finance Authority debt reserve (Note 4)	1,609,981	1,677,814
Long term debt (Note 5)	15,955,312	17,921,024
	27,017,899	30,595,035
NET FINANCIAL LIABILITIES	(9,132,859)	(16,800,563)
Unamortized grants to health care facilities (Page 8)	15,955,312	17,921,024
NET ASSETS	\$ 6,822,453	\$ 1,120,461
REGIONAL HOSPITAL DISTRICT POSITION		
Fund balances:		
Operating Fund (Page 9)	\$ 1,416,591	\$ 839,673
Capital Reserve Fund (Page 10)	5,655,212	609,522
	7,071,803	1,449,195
Unfunded debenture debt interest accrual	(249,350)	(328,734)
REGIONAL HOSPITAL DISTRICT POSITION	\$ 6,822,453	\$ 1,120,461

See accompanying notes to consolidated financial statements

Approved by


 K. Frech, Chief Financial Officer

PEACE RIVER REGIONAL HOSPITAL DISTRICT

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CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND CHANGES IN FUND BALANCES
DECEMBER 31, 2008

	2008 Actual	2008 Budget (unaudited)	2007 Actual
REVENUE			
Tax requisition	\$ 10,172,290	\$ 10,172,290	\$ 3,945,278
Debt reserve refunds and debt surpluses	243,478	-	18,591
Grants-in-lieu of taxes	8,039	2,500	4,049
Interest	480,093	100,000	141,808
Recovered costs	6,718	-	-
	10,910,618	10,274,790	4,109,726
EXPENDITURES			
Administrative	10,000	10,000	7,556
Health Liaison - Stage 1 and 2	-	-	58,312
Long term debt interest	1,959,843	1,711,924	1,569,661
Temporary borrowing interest	-	-	12,485
Grants to health care facilities	1,986,777	1,999,581	11,397,628
	3,956,620	3,721,505	13,045,642
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	6,953,998	6,553,285	(8,935,916)
ADD/(DEDUCT):			
Long term debt principal repayment	(1,580,740)	(1,553,285)	(917,613)
Loan proceeds	-	-	10,214,216
Temporary borrowing principal repayment	-	-	(456,400)
Unfunded debt interest accrual	249,350	-	328,733
	(1,331,390)	(1,553,285)	9,168,936
CHANGES IN FUND BALANCES	5,622,608	5,000,000	233,020
FUND BALANCES, beginning of year	1,449,195	1,449,195	1,216,175
FUND BALANCES, end of year	\$ 7,071,803	\$ 6,449,195	\$ 1,449,195

See accompanying notes to consolidated financial statements

Sander Rose Trobak LLP
CHARTERED ACCOUNTANTS

PEACE RIVER REGIONAL HOSPITAL DISTRICT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008

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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. A statement of change in financial position has not been prepared as it would offer no additional information.

Accounting change

Effective January 1, 2008, the Regional Hospital District changed its method of accounting for long term debt and unamortized grants to health care facilities. Previously, these items were recorded at the original debt proceeds less the sinking funds accumulated to retire the debt. Under the new accounting method these items are recorded at the actual outstanding loan balances at year end. This change has been applied on a retroactive basis and as a result the previous year's amounts have been restated. The restatement of the prior year's comparative amounts did not effect the previous year's fund balances.

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, investments, receivables, Municipal Finance Authority reserve deposits, payables and accruals, accrued interest on long term debt, long term debt and Municipal Finance Authority debt reserve. 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.

PEACE RIVER REGIONAL HOSPITAL DISTRICT
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2008

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.

	2008	2007
Money market funds	\$ 16,223,285	\$ 12,059,867

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. LONG TERM DEBT

Issue Number	Interest Rate (%)	Maturity Date	2008 Debentured Amount	2007 Debentured Amount
MFA# 597	9.62	April 8, 2008	\$ -	\$ 50,904
MFA# 600	10.15	July 8, 2008	-	20,755
MFA# 602	10.23	September 9, 2008	-	20,482
MFA# 604	10.10	November 10, 2008	-	17,616
MFA# 522	9.61	July 10, 2009	11,945	23,321
MFA# 525	9.62	October 10, 2009	17,248	33,674
MFA# 527	10.36	April 10, 2010	68,008	99,603
MFA# 519	10.75	February 21, 2011	32,458	42,263
MFA# 615	9.50	January 9, 2012	28,089	34,296
MFA# 537	9.41	May 8, 2012	22,035	26,904
MFA# 77	6.06	June 1, 2012	30,036	36,673
MFA# 77	6.06	June 1, 2012	113,798	138,943
MFA# 539	9.17	July 10, 2012	14,191	17,327
MFA# 514	8.50	August 23, 2013	215,768	252,957
MFA# 611	8.50	August 23, 2013	241,956	283,659
Carried forward			795,532	1,099,377

PEACE RIVER REGIONAL HOSPITAL DISTRICT
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2008

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5. LONG TERM DEBT (continued)

Issue Number	Interest Rate (%)	Maturity Date	2008 Debentured Amount	2007 Debentured Amount
Balance forward			795,532	1,099,377
MFA# 613	8.50	August 23, 2013	852,640	999,599
MFA# 619	8.50	August 23, 2013	73,026	85,612
MFA# 621	8.50	August 23, 2013	43,853	51,412
MFA# 628	9.25	August 23, 2013	153,329	179,756
MFA# 610	9.60	June 9, 2014	87,141	99,343
MFA# 622	7.50	June 9, 2014	75,309	85,854
MFA# 626	9.63	June 9, 2014	963,153	1,098,010
MFA# 71	5.99	December 1, 2014	553,692	631,218
MFA# 517	7.88	November 30, 2016	12,142	13,803
MFA# 624	7.88	November 30, 2016	112,675	125,756
MFA# 623	6.00	June 9, 2017	-	29,827
MFA# 77	6.06	June 1, 2022	367,385	385,238
MFA# 77	6.06	June 1, 2022	1,866,584	1,957,289
MFA# 81	4.86	April 22, 2024	468,607	682,781
MFA# 102	4.52	November 30, 2017	9,530,244	10,396,149
			\$ 15,955,312	\$ 17,921,024

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

2009	\$ 1,507,822
2010	1,319,647
2011	1,305,029
2012	1,305,029
2013	1,271,094

PEACE RIVER REGIONAL HOSPITAL DISTRICT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008

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6. 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
2008	\$	-	\$ 6,718	\$ 6,718
2003		274,855	-	274,855
2002		46,391	-	46,391
	\$	321,246	\$ 6,718	\$ 327,964

7. COMMITMENTS

The Regional Hospital District has committed to support the Northern Health Authority in 40% capital funding up to a maximum of \$98 million to construct a new hospital in Fort St. John.

PEACE RIVER REGIONAL HOSPITAL DISTRICT
SCHEDULE OF UNAMORTIZED GRANTS TO HEALTH CARE FACILITIES
DECEMBER 31, 2008

		2008	2007
MFA# 597	Peace Lutheran, NP Care Home, DC Roof	\$ -	\$ 50,904
MFA# 600	Peace Lutheran, NP Care Home	-	20,755
MFA# 602	NP Care Home, DC Roof	-	20,482
MFA# 604	NP Care Home	-	17,616
MFA# 522	Pouce Coupe Renos, Peace Lutheran	11,945	23,321
MFA# 525	Pouce Coupe Renos	17,248	33,674
MFA# 527	PC Renos, NP Care Home, Peace Luth, DC Ext.	68,008	99,603
MFA# 519	PC Renos, DC Expansion	32,458	42,263
MFA# 615	PC Renos, DC Exp, FSJ Mechanical	28,089	34,296
MFA# 537	PC Renos, DC Exp, Chet Upgrade, FSJ Mech.	22,035	26,904
MFA# 77	Chetwynd Hospital Upgrade	30,036	36,673
MFA# 77	DC Surgical Facility Upgrade	113,798	138,943
MFA# 539	DC Exp, FSJ Mech.	14,191	17,327
MFA# 514	DC Phase 1 Upgrade	215,768	252,957
MFA# 611	DC Phase 1 Upgrade	241,956	283,659
MFA# 613	DC Exp, DC Phase 1, Peace Luth, FSJ Roof	852,640	999,599
MFA# 619	DC Exp, Chet, Peace Luth, FSJ Plan/Mech	73,026	85,612
MFA# 621	DC Exp, Chet, FSJ Plan/Mech	43,853	51,412
MFA# 628	DC Phase 1 Upgrade	153,329	179,756
MFA# 610	DC Exp, DC Phase 1	87,141	99,343
MFA# 622	Chet, DC Upgrade, DC Phase 1	75,309	85,854
MFA# 626	FSJ Health Unit, DC Health Unit, DC Phase 1	963,153	1,098,010
MFA# 71	Chet Beds, LDRP Palliative, Chet Sprinkler	553,692	631,218
MFA# 517	DC Phase 1 Upgrade	12,142	13,803
MFA# 624	DC Phase 1, FSJ Roof, FSJ Heating	112,675	125,756
MFA# 623	DC Phase 1	-	29,827
MFA# 77	DC and Area Food Services Consolidation	367,385	385,238
MFA# 77	FSJ Hospital Redevelopment	1,866,584	1,957,289
MFA# 81	SP and NP Health Council, DC Food, FSJ Redevelop	468,607	682,781
MFA# 102	DC Rotary Manor	9,530,244	10,396,149
		\$ 15,955,312	\$ 17,921,024

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
 DECEMBER 31, 2008

	2008 Actual	2008 Budget (unaudited)	2007 Actual
REVENUE			
Tax requisition	\$ 10,172,290	\$ 10,172,290	\$ 3,945,278
Debt reserve refunds and debt surpluses	243,478	-	18,591
Grants-in-lieu of taxes	8,039	2,500	4,049
Interest	434,403	100,000	133,615
Recovered costs	6,718	-	-
	10,864,928	10,274,790	4,101,533
EXPENDITURES			
Administrative	10,000	10,000	7,556
Health Liaison - Stage 1 & 2	-	-	58,312
Long term debt interest	1,959,843	1,711,924	1,569,661
Temporary borrowing interest	-	-	12,485
Grants to health care facilities	1,986,777	1,999,581	11,397,628
	3,956,620	3,721,505	13,045,642
EXCESS (DEFICIENCY) OF			
REVENUE OVER EXPENSES	6,908,308	6,553,285	(8,944,109)
ADD/(DEDUCT):			
Long term debt principal repayment	(1,580,740)	(1,553,285)	(917,614)
Loan proceeds	-	-	10,214,216
Temporary borrowing principal repayment	-	-	456,400
Transfer to capital reserve fund	(5,000,000)	(5,000,000)	(500,000)
Unfunded debt interest accrual	249,350	-	328,734
	(6,331,390)	(6,553,285)	8,668,936
CHANGE IN OPERATING FUND BALANCE	576,918	-	(275,173)
OPERATING FUND BALANCE,			
beginning of year	839,673	839,673	1,114,846
OPERATING FUND BALANCE,			
end of year	\$ 1,416,591	\$ 839,673	\$ 839,673
Unappropriated Fund Balance	\$ 1,088,627		\$ 518,427
Appropriated Fund Balance (Note 6)	327,964		321,246
	\$ 1,416,591		\$ 839,673

PEACE RIVER REGIONAL HOSPITAL DISTRICT
 SCHEDULE OF CAPITAL RESERVE FUND ACTIVITIES
 DECEMBER 31, 2008

	2008 Actual	2008 Budget (unaudited)	2007 Actual
REVENUE			
Interest	\$ 45,690	\$ -	\$ 8,193
Transfer from operating	5,000,000	5,000,000	500,000
CHANGE IN CAPITAL RESERVE FUND BALANCE	5,045,690	5,000,000	508,193
CAPITAL RESERVE FUND, beginning of year	609,522	609,522	101,329
CAPITAL RESERVE FUND, end of year	\$ 5,655,212	\$ 5,609,522	\$ 609,522
General Capital Reserve Fund Balance	\$ 631,711		\$ 609,522
New Hospital Capital Reserve Fund Balance	5,023,501		-
	\$ 5,655,212		\$ 609,522