

East Central Health

Financial Statements

March 31, 2009

**EAST CENTRAL HEALTH
FINANCIAL STATEMENTS
MARCH 31, 2009**

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EAST CENTRAL HEALTH

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2009

The accompanying financial statements are the responsibility of management and have been approved by senior management. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts 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 to review internal controls. This system offers management reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded. The Region has established a code of ethics and corporate directives, which include communication of the code to employees.

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

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

“Original signed”

Dr. Stephen Duckett
Chief Executive Officer
Alberta Health Services

“Original signed”

Alan F. Heyhurst, CA
Interim Chief Financial Officer
East Central Health

“Original signed”

Chris Mazurkewich, CA
Chief Financial Officer
Alberta Health Services

Auditor's Report

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

I have audited the statement of financial position of East Central Health (the Authority) as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

“Original signed by Fred J. Dunn, FCA”

Auditor General

Edmonton, Alberta
June 11, 2009

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

EAST CENTRAL HEALTH
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2009
(in thousands)

	2009	2008
	Actual	Actual
<u>ASSETS</u>		
Current:		
Cash, cash equivalents and investments (Note 3)	\$ 129,925	\$ 16,144
Accounts receivable	6,635	7,824
Contributions receivable from Alberta Health and Wellness	10,603	3,320
Inventories	2,533	2,530
	149,696	29,818
Non current cash, cash equivalents and investments (Note 3)	99,529	17,932
Capital assets (Note 4)	142,821	135,057
Other assets (Note 5)	396	825
TOTAL ASSETS	\$ 392,442	\$ 183,632

LIABILITIES AND NET ASSETS

Current:		
Accounts payable and accrued liabilities	\$ 82,236	\$ 20,047
Accrued vacation pay	8,590	7,180
Deferred contributions (Note 6)	70,510	9,112
	161,336	36,339
Deferred contributions (Note 6)	230	220
Deferred capital contributions (Note 7)	99,299	17,712
Unamortized external capital contributions	131,410	123,005
	392,275	177,276
Net Assets		
Accumulated deficit (Note 20)	(11,244)	(5,696)
Investment in capital assets	11,411	12,052
	167	6,356
TOTAL LIABILITIES AND NET ASSETS	\$ 392,442	\$ 183,632

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

EAST CENTRAL HEALTH
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2009
(in thousands)

	2009	2008	2008
	Budget	Actual	Actual
	(Note 11)		
Revenue			
Alberta Health and Wellness contributions (Note 12)	\$ 240,165	\$ 322,968	\$ 222,507
Other government contributions (Note 13)	2,100	3,081	2,053
Fees and charges	21,423	22,115	20,464
Ancillary operations (Note 14)	677	645	772
Donations	10	193	352
Investment and other income (Note 15)	4,758	2,779	3,797
Amortized external capital contributions	7,964	8,555	7,985
TOTAL REVENUE	277,097	360,336	257,930
Expenses (Schedule 1)			
Inpatient acute nursing services	46,410	49,245	45,205
Emergency and outpatient services	10,223	12,994	10,262
Facility-based continuing care services	45,942	48,146	43,051
Community-based care	15,063	16,597	12,411
Home care	23,397	26,076	22,888
Diagnostic and therapeutic services	42,960	45,386	39,569
Promotion, prevention and protection services	7,385	9,768	6,547
Administration	17,272	21,405	16,221
Information technology	10,156	9,796	9,303
Support services	58,239	60,171	50,987
Amortization of facilities and improvements	3,893	3,861	3,893
Transition expenses (Note 19)	-	66,196	-
TOTAL EXPENSES	280,940	369,641	260,337
Deficiency of revenue over expenses before transfers	(3,843)	(9,305)	(2,407)
Transfer of HBA Services (Note 9)	-	3,116	-
Deficiency of revenue over expenses after transfers	\$ (3,843)	\$ (6,189)	\$ (2,407)

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

EAST CENTRAL HEALTH
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2009

(in thousands)

	2009			2008
	Accumulated Deficit	Investment in capital assets	Total	Total
Balance at beginning of year	\$ (5,696)	\$ 12,052	\$ 6,356	\$ 8,763
Deficiency of revenue over expenses	(6,189)	-	(6,189)	(2,407)
Transfer of HBA Services (Note 9)	(488)	488	-	-
Capital assets purchased with internal funds	(2,215)	2,215	-	-
Amortization of internally funded capital assets	3,344	(3,344)	-	-
Balance at end of year	<u>\$ (11,244)</u>	<u>\$ 11,411</u>	<u>\$ 167</u>	<u>\$ 6,356</u>

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

EAST CENTRAL HEALTH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2009
(in thousands)

	2009		2008
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities:			
Deficiency of revenue over expenses	\$ (3,843)	\$ (6,189)	\$ (2,407)
Non-cash transactions:			
Amortization (Schedule 1)	10,928	11,899	10,928
Amortized external capital contributions	(7,964)	(8,555)	(7,965)
Disposals - externally funded	-	-	(21)
(Gain)/Loss on disposal of capital equipment	-	(5)	18
Unrealized loss on investments (Note 15)	-	1,146	8
Transfer of HBA Services Capital Assets (Note 9)	-	(488)	-
Changes in non-cash working capital account	(3)	118,900	6,517
Cash (used by) generated from operations	(882)	116,708	7,078
Investing activities:			
Purchase of investments	-	(118,660)	(16,692)
Purchase of capital assets:			
internally funded - equipment	(840)	(2,215)	(2,097)
internally funded - work in progress	-	-	(308)
externally funded - equipment	(2,500)	(4,661)	(2,842)
externally funded - facilities and improvements	(14,000)	(279)	(154)
externally funded - work in progress	-	(12,019)	(23,403)
Proceeds on sale of investments	6,500	12,557	19,310
Proceeds on disposal of capital assets	-	5	3
Increase (decrease) in other assets	-	429	(117)
Allocations from non-current cash	-	23,360	5,152
Change in accounting policy	-	-	472
Cash used by investing activities	(10,840)	(101,483)	(20,676)
Financing activities:			
Increase (decrease) in non-current deferred contributions	-	10	(299)
Capital contributions received	10,000	98,546	19,121
Cash generated from financing activities	10,000	98,556	18,822
Increase (decrease) in current cash, cash equivalents and investments	(1,722)	113,781	5,224
Current cash, cash equivalents and investments, beginning of year	16,144	16,144	10,920
Current cash, cash equivalents and investments, end of year	<u>\$ 14,422</u>	<u>\$ 129,925</u>	<u>\$ 16,144</u>

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

EAST CENTRAL HEALTH
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2009
(in thousands)

Note 1 Authority, Purpose and Operations

East Central Health (the "Region") was established on June 24, 1994 under the Alberta Regional Health Authorities Act. The Region is a registered charity under the Income Tax Act and exempt from payment of income tax. Effective April 1, 2009, the Region will become Alberta Health Authority and will operate as Alberta Health Services ("AHS"). The Region will assume the assets and liabilities of the other regional health authorities, Alberta Mental Health Board, Alberta Cancer Board, and the Alberta Alcohol and Drug Abuse Commission (Note 18).

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:

- Bashaw Community Health Services
- Bashaw Care Centre
- Camrose Community Health Services
- Camrose Mental Health Clinic
- Daysland Health Centre
- Galahad Care Centre
- Hardisty Health Centre
- Hardisty Mental Health Clinic
- Islay Care Centre
- Killam Mental Health Clinic
- Kitscoty Community Health Services
- Lamont Community Health Centre
- Mannville Care Centre
- Myrnam Home Care
- Provost Community Health Services
- Provost Health Centre
- Provost Mental Health Clinic
- Sedgewick Community Health Services
- Tofield Community Health Services
- Tofield Health Centre
- Tofield Mental Health Clinic
- Two Hills Health Centre
- Two Hills Community Health Services
- Vegreville Care Centre
- Vegreville Community Health Services
- Vegreville Mental Health Clinic
- Vermilion Community Health Services
- Vermilion Health Centre
- Vermilion Mental Health Clinic
- Viking Community Health Services
- Viking Health Centre
- Wainwright Community Health Services
- Wainwright Health Centre
- Wainwright Mental Health Clinic
- Willingdon Home Care

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 16.

Note 2 Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

- (1) 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.
- (2) These financial statements were prepared on a consolidated basis and include the following:
 - (i) The Region uses the proportionate consolidation method to account for its 11.8% interest in the Regional Shared Health Information Program ("RSHIP") (Note 16(b)).
 - (ii) The Region uses the proportionate consolidation method to account for its 50% interest in the Camrose Local Primary Care Initiative and its 25% interest in the Provost – Consort Primary Care Network (Note 16(c)).
 - (iii) The financial statements do not include the assets, liabilities or operations of the foundations described in Note 16(d), which are controlled by the Region.
- (3) These financial statements use the deferral method, the key elements of which are:
 - (i) Unrestricted contributions are recognized as revenue in the year receivable.
 - (ii) Restricted non-capital contributions are recognized as revenue in the year in which the related expenses are incurred.
 - (iii) Restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and recognized as revenue in the period the related amortization expense of the capital asset is recorded.
 - (iv) Restricted contributions to purchase capital assets that will not be amortized are recorded as direct increases to net assets.
 - (v) Investment income includes dividend and interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses on held-for-trading financial assets are included in investment income and recognized as revenue in the Statement of Operations, deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. 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) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Capital Disclosures

Effective April 1, 2008, the Region implemented new capital disclosure requirements per section 1535 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 funding is from Alberta Health and Wellness which is paid at the first of each month. As a result, significantly less working capital is required. The Region monitors 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.

Where a Region has incurred an accumulated deficit, legislation requires submission of a deficit elimination plan (Note 20).

(c) Full Cost

The Region accounts for all costs of services for which it is responsible. Fair value transactions comprise:

- (i) Revenue that contracted health service operators earn from Ministry of Health and Wellness designated fees and charges are recorded as the Region's fees and charges and as the Region's contracted health service expense.
- (ii) Alberta Health and Wellness direct payments to contracted health service operators are recorded as revenue and as program expense as they represent part of the Region's health program costs.
- (iii) Fair value for use of acute care facilities not owned by the Region is recorded as other government contributions or donations, and as program expense, since the Region's contract payments do not include amounts for use of these facilities.
- (iv) 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) Other assets, supplies and services a health 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 because a fair value cannot be reasonably determined.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Employee Future Benefits

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees based on years of service and earnings. Defined contribution plan accounting is applied where there is insufficient information to apply defined benefit plan accounting. Pension costs comprise the employer's contributions for its employees during the year, based on rates expected to provide benefits payable under the pension plan. The Region does not record its portion of the plan's deficit or surplus. The Region fully accrues its obligations for employee non-pension future benefits.

The Region provides a defined benefit Supplementary Retirement Plan to senior executives. Costs of these benefits are actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and benefit coverage period. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. The plan is fully funded.

(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 expensed. The purchase and sale of investments are accounted for using the settlement date accounting method.

(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 and financial liabilities classified as "held for trading" are measured at fair value with changes in those fair values recognized in the Statement of Operations, deferred contributions or directly in net assets. "Loans and Receivables" and financial liabilities classified as "other financial liabilities" are measured at amortized cost using the effective interest method.

Note 2 Significant Accounting Policies and Reporting Practices (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	Held for trading
Accounts receivable and contributions receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Accrued vacation pay	Other financial liabilities

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

The carrying value of the above approximate their fair value because of the short term nature of these items. Unless otherwise noted, it is management's opinion that the Region is not exposed to significant interest, current 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 and current replacement cost.

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

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

(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	20 years
Buildings and improvements	40 years
Leasehold improvements	20 years
Furniture and equipment	3-20 years

Note 2 Significant Accounting Policies and Reporting Practices (continued)

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 asset ownership are reported as capital asset acquisitions financed by long-term obligations.

(i) Accounting Policy Changes

The Canadian Institute of Chartered Accountants (“CICA”) has issued new sources of generally accepted accounting principles which have not yet been applied but may impact the Region.

In December 2006, the CICA issued Section 3862 Financial Instruments Disclosures and Section 3863 Financial Instruments Presentation which replaces Section 3861 Financial Instruments Disclosure and Presentation. These standards will expand the disclosure requirements placing an increased emphasis on disclosures about the risks associated with recognized and unrecognized financial instruments and how those risks are managed. The Region will review these new standards and the impact, if any, will be reflected in the Region’s financial statements for the year ended March 31, 2010.

In September 2008, the CICA issued new accounting standard Section 4470 – Disclosure of Allocated Expenses. This section takes effect for the Region beginning April 1, 2009. The standard requires the Region to disclose policies adopted for the allocation of fundraising and general support expenses among functions, the nature of the expenses being allocated, the basis on which such allocations have been made, and the functions to which they have been allocated. The impact of this new standard will be reflected in the financial statements for the year ending March 31, 2010.

(j) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of related assets. The Supplementary Retirement Plan obligation is based on actuarial calculations. The restructuring cost to transfer employees to the Local Authorities Pension Plan is based on assumptions and actuarial calculations. Actual results could differ from estimates.

Note 3 Cash, cash equivalents and investments

	2009		2008	
	Fair Market Value	Cost	Fair Market Value	Cost
Cash and cash equivalents	\$ 220,468	\$ 220,442	\$ 23,482	\$ 23,482
Bonds	6,302	6,392	6,400	6,290
Equities	2,684	3,773	4,194	4,312
Total	\$ 229,454	\$ 230,607	\$ 34,076	\$ 34,084
Classified as:				
Current	\$ 129,925		\$ 16,144	
Non-current	99,529		17,932	
Total cash, cash equivalents and investments	\$ 229,454		\$ 34,076	

(a) To optimize returns at an acceptable risk level, management has established a policy asset mix of 5% to 20% for cash and cash equivalents, 50% to 80% for fixed-income investments, 10% to 20% for Canadian equities and 5% to 15% for foreign equities. Risk is reduced through diversification.

Fixed-income securities, such as bonds, have an effective yield of 6.05% per year, and 3.00% per annum for securities maturing between 1 and 40 years. As at March 31, 2009, the securities have the following maturity structure.

1 to 5 years	97%
6 to 10 years	1%
Over 10 years	2%

(b) Equities comprise publicly-traded securities in major stock markets. Risk is reduced by prudent security selection and sector rotation.

Note 4 Capital Assets

	Cost					Closing Balance March 31, 2009	Net Book Value 2009	Net Book Value 2008
	Opening Balance April 1, 2008	Transfers from Work in Progress	Additions	Assets transferred from HBA (Note 9)	Disposals			
	Land	\$ 1,674	\$ -	\$ -	\$ -			
Land improvements	3,039	-	-	-	-	3,039		
Buildings and improvements	137,368	279	-	-	-	137,647		
Leasehold improvements	127	-	-	457	-	584		
Furniture and equipment	58,350	2,632	4,245	1,121	370	65,978		
Construction and technology projects in progress	32,899	(2,911)	14,930	-	-	44,918		
	<u>\$ 233,457</u>	<u>\$ -</u>	<u>\$ 19,175</u>	<u>\$ 1,578</u>	<u>\$ 370</u>	<u>\$ 253,840</u>		

	Accumulated Amortization				Closing Balance March 31, 2009	Net Book Value 2009	Net Book Value 2008
	Opening Balance April 1, 2008	Current year amortization	Amortization on disposals	Assets transferred from HBA (Note 9)			
	Land	\$ -	\$ -	\$ -			
Land improvements	2,307	105	-	-	2,412	627	732
Buildings and improvements	66,995	3,732	-	-	70,727	66,920	70,373
Leasehold improvements	57	25	-	140	222	362	70
Furniture and equipment	29,041	8,037	370	950	37,658	28,320	29,309
Construction and technology projects in progress	-	-	-	-	-	44,918	32,899
	<u>\$ 98,400</u>	<u>\$ 11,899</u>	<u>\$ 370</u>	<u>\$ 1,090</u>	<u>\$ 111,019</u>	<u>\$ 142,821</u>	<u>\$ 135,057</u>

Capital assets were funded from the following sources:

	2009	2008
Externally funded (unamortized external capital contributions)	\$ 131,410	\$ 123,005
Internally funded (invested in capital assets)	11,411	12,052
	<u>\$ 142,821</u>	<u>\$ 135,057</u>

Note 5 Other Assets

Other assets include the accrued pension benefit relating to the Supplementary Retirement Plan which is fully funded.

Note 6 Deferred Contributions

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

	2009	2008
Current		
Alberta Health and Wellness:		
EMS Transition	\$ 33,312	\$ -
Alberta Health Services Transition (Note 19)	13,804	-
Acute Care Pressure Relief	7,200	-
Mental Health Grants	6,285	2,340
Syphilis Prevention Response	2,000	-
Life Skills Training	898	-
Hip&Knee Replacement Continuum	616	213
Clinical Telehealth	602	-
Continuing Care - Case Management	459	303
Healthy Weights	429	363
Cardiac Access Collaborative	354	324
Pandemic Influenza Supplies	331	579
Health Care Aide Training	329	-
Continuing Care - Clinical Specialists	319	-
Privacy & Security 2005	242	242
Primary Pediatric Model	203	143
Specialists on call program	78	683
Immunization Strategy	58	217
Rural on call program	27	18
Continuing Care - Implement Standards	-	33
Various projects <\$200,000 each	458	886
Other contributors:		
Primary Care Initiatives	1,369	1,349
Stroke Strategy	622	998
ACB Screening	37	300
Various projects <\$200,000 each	478	121
	<u>70,510</u>	<u>9,112</u>
Non-Current		
Alberta Department of Seniors and Community Supports:		
Healthy aging partnership initiatives (HAPI)	230	220
Total	<u>\$ 70,740</u>	<u>\$ 9,332</u>

Note 7 Deferred Capital Contributions

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

	2009	2008
Equipment replacement	\$ 277	\$ 4,879
Information technology projects	715	267
Building systems upgrade initiative	1,418	1,342
Infrastructure maintenance program	6,591	2,307
Hand hygiene strategy	741	480
Reducing & avoiding injury initiative	1,077	1,100
New construction	88,480	7,337
	<u>\$ 99,299</u>	<u>\$ 17,712</u>

Note 8 Long-Term Employee Benefits

(a) Supplementary Retirement Plan

The Region has a supplementary defined benefit plan for certain management staff. There are no cash payments made to staff relating to this plan until their retirement. The plan's assets will be held in a trust pursuant to a Retirement Compensation Arrangement (as defined by the Income Tax Act). The plan is fully funded. Actuarial valuations are completed annually. The obligation and pension expense can vary with changes in actuarial assumptions used to estimate the obligation.

Note 8 Long-Term Employee Benefits (continued)

	2009	2008
Accrued Benefit Obligation		
Accrued obligation, beginning of year	\$ 1,389	\$ 1,142
Accrued obligation, HBA Services Nov 1, 2008	491	-
Current service cost	164	71
Interest cost	79	63
Benefits paid	(553)	-
Actuarial (gain) loss	(184)	113
Accrued obligation, end of year	<u>\$ 1,386</u>	<u>\$ 1,389</u>
Reconciliation of funded status of accrued benefit asset		
Funded status of plan (deficit)	\$ 264	\$ (104)
Unamortized actuarial (gain) loss	(116)	291
Unrecognized initial obligation	248	638
Accrued benefit asset	<u>\$ 396</u>	<u>\$ 825</u>
Current service cost	\$ 164	\$ 71
Interest cost	79	63
Actual return on assets	(5)	(18)
Amortization of initial obligations	390	93
Amortization of actuarial (gain) loss in year	(184)	114
Difference between expected and actual return on assets	(34)	(13)
Difference between recognized and actual actuarial loss (gain) in year	294	(90)
Net Benefit Cost	<u>\$ 704</u>	<u>\$ 220</u>
Significant actuarial assumptions are as follows		
Discount rate	6.20%	5.20%
Expected return on plan assets	3.10%	2.60%
Expected average remaining service life of employees	8 years	7 years
Salary scale increases per year	4.00%	4.00%
The above information is based on the annual actuarial valuation performed as of March 31 for each fiscal year.		
Plan assets (held by trustee)		
Employer contributions		
Fair value of assets - March 31	\$ 807	\$ 655
Plan assets (held by Canada Revenue Agency)		
Employer contributions paid as refundable taxes	843	630
Total plan assets	<u>\$ 1,650</u>	<u>\$ 1,285</u>
Funded status of plan - Surplus (deficit)	<u>\$ 264</u>	<u>\$ (104)</u>

Note 8 Long-Term Employee Benefits (continued)

(b) Pension Expense

The Region participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Region's annual contributions payable of \$6,456 for the year ended March 31, 2009 (2008 \$5,379).

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

Note 9 Transfer of Provincial Health Authorities of Alberta operating as Health Boards of Alberta (HBA Services)

The Provincial Health Authority of Alberta (PHAA) operating as Health Boards of Alberta (HBA Services) was transferred to the Region on November 1, 2008. All assets and liabilities including all rights, obligations, commitments and contingencies were transferred to the Region at the carrying values.

As a result of the transfer net assets increased as follows:

	Assets	Liabilities	Accumulated surplus/ (deficit)	Investment in capital assets	Total net assets
HBA Services November 1, 2008	\$ 4,572	\$ 1,456	\$ 2,628	\$ 488	\$ 3,116

Note 10 Commitments and Contingencies

(a) Commitments

- (i) The Region contracts on an ongoing basis with voluntary and private health service operators to provide health services (Note 16(f)). The Region has contracted for services in the year ending March 31, 2010 similar to those provided by these operators in 2009.
- (ii) In order to manage its exposure to the volatility in the electrical industry, the Board has entered into a five year contract, expiring March 31, 2010, to purchase electrical energy at a fixed price of \$54.40 per MWh. Based on 2009 consumption, the annual costs for the year ending March 31, 2010 are expected to be \$1,425.

Note 10 Commitments and Contingencies (continued)

- (iii) The Region is committed to operating lease payments in future years as follows:

2010	\$ 882
2011	530
2012	253
2013	79
2014 and after	<u>68</u>
	<u>\$ 1,812</u>

The leases expire at various dates from 2009 to 2015.

- (iv) Alberta Health Services will take over the delivery of Emergency Medical Services (EMS) for the entire province on April, 1, 2009. While some services will be merged into operations, Alberta Health Services is contracting for delivery of EMS in many communities in the province and has signed contracts with total commitments over the next two years:

2010	\$ 208,327
2011	98,660

- (v) The Region is committed to the following construction and technology projects currently in progress and which will be satisfied from externally funded grants:

Lloydminster Continuing Care Project	\$ 1,751
Vermilion Long Term Care Project	201
Viking Acute Care Expansion Project	674
Central Sterilization Renovation Projects	358
Ambulance Bay - Provost	<u>166</u>
	<u>\$ 3,150</u>

Note 10 Commitments and Contingencies (continued)**(b) Contingencies**

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

The Region has a contingent liability in respect of claims relating to the failure of St. Joseph's Hospital to provide adequate infection control and safety measures to prevent contamination of medical equipment. The total amount of these claims is in excess of \$40 million. The outcome of the claims is not determinable, and no liability is recorded at this time.

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

Note 11 Budget

The budget was approved by Senior Management and submitted to the Minister of Health and Wellness in early fiscal 2008-2009.

Over the course of the fiscal year, the Minister provided additional funding of \$10,000. The Board has allocated these additional resources to address funding expectations.

Note 12 Alberta Health and Wellness Contributions

	2009	2008
Unrestricted contributions	\$ 235,552	\$ 208,973
Other one time grants	-	1,500
Transfer from deferred contributions - transition grant (Note 19)	66,196	-
Transfer from deferred contributions - other	13,029	8,992
Transfer from deferred capital contributions	8,191	3,042
	<u>\$ 322,968</u>	<u>\$ 222,507</u>

Note 13 Other Government Contributions

	2009	2008
Alberta Government:		
Fair value adjustments	\$ 1,473	\$ 1,367
Transfers from deferred contributions	<u>1,608</u>	<u>686</u>
	<u>\$ 3,081</u>	<u>\$ 2,053</u>

Note 14 Ancillary Operations

	2009				2008	
	Revenue	Direct Expenses	Amortization Expense	Excess of Revenue Over Expenses	Revenue	Excess of Revenue Over Expenses
Non-patient food services	\$ 565	\$ 559	\$ 6	\$ -	\$ 673	\$ (2)
Rental operations	29	16	-	13	39	26
Other	<u>50</u>	<u>47</u>	<u>-</u>	<u>3</u>	<u>59</u>	<u>27</u>
	644	622	6	16	771	51
Amortized external capital contributions	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total	<u>\$ 645</u>	<u>\$ 622</u>	<u>\$ 6</u>	<u>\$ 17</u>	<u>\$ 772</u>	<u>\$ 52</u>

Ancillary expenses are reported in support services in the Statement of Operations.

Note 15 Investment and Other Income

	2009	2008
Investment income	\$ 197	\$ 262
Unrealized loss on investments	(1,146)	(8)
Workers Compensation rebates	323	680
Primary Care Networks	347	178
Other revenue	<u>3,058</u>	<u>2,685</u>
	<u>\$ 2,779</u>	<u>\$ 3,797</u>

Investment income comprises interest, dividends, amortization of discount (premiums) and realized gains or losses on investments.

Other revenue comprises charges for laundry services to continuing care clients, services provided to others and various miscellaneous recoveries.

Note 16 Related Parties

(a) Province of Alberta and Health Regions

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

The Region had the following transactions with other health regions recorded on the Statement 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
Health Quality Council of Alberta	2	3	-	-	-	6	-	-
Other Regional Health Authorities and Provincial Health Boards	498	55,911	56	52,665	708	1,518	431	152
Total	\$ 500	\$ 55,914	\$ 56	\$ 52,665	\$ 708	\$ 1,524	\$ 431	\$ 152

(b) Regional Shared Health Information Program (RSHIP)

The seven non-metro health regions (Chinook Regional Health Authority, Palliser Health Region, David Thompson Regional Health Authority, East Central Health, Aspen Regional Health Authority, Peace Country Health and Northern Lights 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	\$ 624	\$ 1,676
Region contribution	541	959
	<u>\$ 1,165</u>	<u>\$ 2,635</u>
Expensed	\$ 593	\$ 1,435
Capitalized	\$ 572	\$ 1,200

Note 16 Related Parties (continued)

(c) Primary Care Networks

The Authority's share of the following Primary Care Networks are included in the financial statements under the proportionate consolidation method.

	Region's 50% share	
	2009	2008
Camrose Local Primary Care Initiative		
Opening balance	\$ 1,300	\$ 1,095
Contributions from Alberta Health and Wellness	244	321
Amounts recognized as revenue	(230)	(116)
Amounts deferred	<u>\$ 1,314</u>	<u>\$ 1,300</u>
Provost - Consort Primary Care Network		
	Region's 25% share	
	2009	2008
Opening balance	\$ 49	\$ 66
Contributions from Alberta Health and Wellness	86	45
Amounts recognized as revenue	(80)	(62)
Amounts deferred	<u>\$ 55</u>	<u>\$ 49</u>

Note 16 Related Parties (continued)

(d) Foundations

The following controlled foundations are not consolidated in these financial statements:

(1) Viking Health Foundation

The Viking Health Foundation was established under the authorization of the Minister of Health on June 27, 1997. Representation on its Board consists of 11 members appointed by the Authority. The Viking Health Foundation was created to solicit funds from the public in order to assist the Region in achieving its health goals for the residents of the Viking community.

	2008	2007
Assets	\$ 2,209	\$ 2,205
Liabilities	(49)	(63)
Net assets	<u>\$ 2,160</u>	<u>\$ 2,142</u>
Revenue	\$ 223	\$ 598
Expenses	(193)	(178)
Excess of revenue over expenses	<u>\$ 30</u>	<u>\$ 420</u>

(2) Tofield and Area Health Services Foundation

The Tofield and Area Health Services Foundation was established under the authorization of the Minister of Health on September 10, 2003. Representation on its Board consists of 7 members appointed by the Authority. The Tofield and Area Health Services Foundation was created to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of the Tofield community.

	2008	2007
Assets	\$ 17	\$ 31
Liabilities	-	-
Net assets	<u>\$ 17</u>	<u>\$ 31</u>
Revenue	\$ 28	\$ 15
Expenses	(44)	(9)
Excess (deficiency) of revenue over expenses	<u>\$ (16)</u>	<u>\$ 6</u>

The resources of the foundation amounting to \$17 (2007 - \$31) have been restricted by donors for the exclusive use of the Tofield community.

Note 16 Related Parties (continued)

	Contributions received by Health Region		Resources held by the Foundation	
	Year ended March 31, 2009	2008	Externally Restricted	Unrestricted
Viking Health Foundation	\$ 31	\$ 56	\$ -	\$ 2,160
Tofield and Area Health Services Foundation	-	42	17	-
Net assets	<u>\$ 31</u>	<u>\$ 98</u>	<u>\$ 17</u>	<u>\$ 2,160</u>

(e) Other Foundations

The Region has an economic interest in the Daysland General Hospital Foundation and the Wainwright & District Community Health Foundation.

The Region is permitted to appoint one representative to the Board of Directors of each foundation. These foundations were established to solicit funds from the public in order to assist the Region in achieving its health goals for the residents of each community.

(f) 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	\$ 97,243	\$ 14,255	\$ 111,498	\$ 86,658	\$ 12,056	\$ 98,714
Fees and charges	10,275	1,022	11,297	9,493	929	10,422
Full cost adjustments	828	-	828	828	-	828
Total	<u>\$ 108,346</u>	<u>\$ 15,277</u>	<u>\$ 123,623</u>	<u>\$ 96,979</u>	<u>\$ 12,985</u>	<u>\$ 109,964</u>

Note 17 Trust Funds

The Region is providing fiscal management of funds received in trust from Alberta Health and Wellness for the Building Health System Leadership Capacity project, the Alzheimer's Dementia project, Camrose Local Primary Care Initiative and the Provost – Consort Primary Care Network. These amounts are not reported in the statements.

During the year the Region received \$1,977 and disbursed \$4,737. The balance of funds held by the Region is \$1,370.

Note 18 New Governance Structure

On May 15, 2008, the Minister of Health and Wellness issued Ministerial Order #50/2008 to restructure the governance model of health services delivery in Alberta.

Accordingly, effective April 1, 2009, Aspen Regional Health Authority, Calgary Health Region, Capital Health, Chinook Regional Health Authority, David Thompson Regional Health Authority, Northern Lights Health Region, Palliser Health Region, and Peace Country Health will be disestablished along with the Alberta Cancer Board, Alberta Mental Health Board, and Alberta Alcohol and Drug Abuse Commission.

The boundary of East Central Health was expanded to cover the entire the province of Alberta, with the name being changed to the "Alberta Health Region", which will operate as Alberta Health Services. All assets and liabilities including obligations, commitments and contingencies of the disestablished regions and the other entities referred to above, will be transferred to the Alberta Health Region on April 1, 2009.

The assets, liabilities and net assets that will be transferred to Alberta Health Services on April 1, 2009 are reported on Schedule 4.

Note 19 Transition and Restructuring Expenses

The Region received \$80 million in funding from Alberta Health and Wellness for the costs of transitioning to AHS. These costs consist of severance costs and termination benefits, professional services, consulting costs, transferring employees to LAPP, unfunded supplemental executive retirement plan obligations and payments and other applicable transition expenses.

The costs incurred by the other entities are recorded in their financial statements with offsetting revenue and receivables from the Region. As the recipient of the grant, the Region has recognized contributions from Alberta Health and Wellness (Note 12) and transition costs in the Statement of Operations. In the Schedule of Expense by Object (Schedule 1), the Region's transition and restructuring costs are included in salaries and benefits and are not included in transition expenses. The Region has recorded a payable to the other entities for the transition costs incurred by them as described below:

	<u>Severance</u>	<u>Other Costs</u>	<u>Amount Expensed</u>	<u>Unfunded SERP</u>	<u>Capitalized</u>	<u>Total</u>
Alberta Cancer Board	\$ 2,194	\$ -	\$ 2,194	\$ -	\$ -	\$ 2,194
Alberta Mental Health Board	988	301	1,289	341	-	1,630
Alberta Alcohol and Drug Abuse Commission	-	181	181	-	-	181
Aspen Regional Health Authority	-	55	55	-	-	55
Calgary Health Region	6,619	1,067	7,686	12,929	4,258	24,873
Capital Health	5,606	554	6,160	6,844	-	13,004
Chinook Regional Health Authority	523	164	687	957	-	1,644
David Thompson Health Region	2,707	-	2,707	-	-	2,707
Northern Lights Health Region	573	35	608	-	-	608
Palliser Health Region	1,056	-	1,056	-	-	1,056
Peace Country Health	683	84	767	306	-	1,073
	<u>20,949</u>	<u>2,441</u>	<u>23,390</u>	<u>21,377</u>	<u>4,258</u>	<u>49,025</u>
East Central Health	1,639	15,532	17,171	-	-	17,171
	<u>\$ 22,588</u>	<u>\$ 17,973</u>	<u>\$ 40,561</u>	<u>\$ 21,377</u>	<u>\$ 4,258</u>	<u>66,196</u>
Balance included deferred contributions (Note 6)						<u>13,804</u>
Total grant received						<u>\$ 80,000</u>

Note 19 Transition and Restructuring Expenses (continued)

As at March 31, 2009, the Region's transition and restructuring expenses related to the transition to AHS as described above are as follows:

	Severance- Related Charges	Other Charges	Total
Liability as at March 31, 2008	\$ -	\$ -	\$ -
Amounts Expensed	1,639	15,532	17,171
Payments made during the year	(316)	(8,532)	(8,848)
Liability as at March 31, 2009	<u>\$ 1,323</u>	<u>7,000</u>	<u>\$ 8,323</u>

The Region has recorded an expense of \$1.3 million for Alberta Alcohol and Drug Abuse Commission and \$5.7 million for Alberta Cancer Board related to the transfer of employees from the Public Service Pension Plan to the Local Authorities Pension Plan effective April 1, 2009. This expense is included in other charges above. This estimate was actuarially determined based on pension information at December 31, 2007 that was updated for salary increases and pensionable service until April 1, 2009.

Note 20 Accumulated Deficit

The Region has reported an accumulated deficit at March 31, 2009. Per Alberta Regulation 15/95 of the Regional Health Authorities Act, Alberta Health Services must provide the Minister with a plan, in writing, that is satisfactory to the Minister, to eliminate the net accumulated deficit of all regions within three years of it being incurred.

Note 21 Comparative Figures

Certain 2008 figures have been reclassified to match their 2009 presentation.

Note 22 Approval of financial statements

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

Schedule 1

EAST CENTRAL HEALTH
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2009
(in thousands)

	Budget	2009	2008
Salaries and benefits (Schedule 2)	\$ 109,835	\$ 125,554	\$ 99,314
Contracts with health service providers (Note 16(f))	113,937	123,623	109,964
Drugs and gases	1,658	1,768	1,675
Medical and surgical supplies	1,528	2,066	1,964
Other contracted services	8,008	19,488	8,120
Other ⁽¹⁾	35,047	36,223	28,354
Amortization:			
Capital equipment - internally funded	2,963	3,287	2,916
Capital equipment - externally funded	4,118	4,751	4,119
Facilities and improvements - internally funded	-	57	47
Facilities and improvements -externally funded	3,846	3,804	3,846
Loss (Gain) on sale of equipment	-	(5)	18
Transition expenses incurred by other Health Regions and Provincial Health Boards (Note 19)	-	49,025	-
	<u>\$ 280,940</u>	<u>\$ 369,641</u>	<u>\$ 260,337</u>
⁽¹⁾ Other:			
Utilities	\$ 3,440	\$ 3,195	\$ 2,950
Buildings and ground maintenance	8,796	4,585	2,796
Staff travel costs	2,948	3,125	2,728
Patient transportation	2,137	1,927	1,916
Food supplies	1,923	2,119	1,824
Minor equipment	1,761	1,255	1,743
Insurance	595	542	544
Other	13,447	19,475	13,853
Total	<u>\$ 35,047</u>	<u>\$ 36,223</u>	<u>\$ 28,354</u>

EAST CENTRAL HEALTH
SCHEDULE OF SALARIES AND BENEFITS
MARCH 31, 2009
(in thousands)

	2009						2008			
	Number of FTE's ⁽¹⁾	Base Salary ⁽²⁾	Other Cash Benefits ⁽³⁾	Other Non-Cash Benefits ⁽⁴⁾	Sub-total	Severance ⁽⁵⁾ Number of Individuals	Amount	Total	Number of FTE's ⁽¹⁾	Total
Board Chair^(a)										
K. Hughes -AHS	0.88	\$ -	\$ 77	\$ -	\$ 77	-	\$ -	\$ 77	-	\$ -
E. Andersen	-	-	-	-	-	-	-	-	0.13	13
Board Members^(a)										
J. Ady -AHS	0.88	-	49	-	49	-	-	49	-	-
L. Andreachuk -AHS	0.33	-	20	-	20	-	-	20	-	-
G. Bontje - AHS	0.33	-	22	-	22	-	-	22	-	-
T. Bougie - AHS	0.33	-	20	-	20	-	-	20	-	-
J. Clifford - AHS	0.33	-	23	-	23	-	-	23	-	-
P. Crevolin - AHS	0.21	-	10	-	10	-	-	10	-	-
S. Crowfoot - AHS	0.33	-	22	-	22	-	-	22	-	-
T. Franceschini - AHS	0.33	-	20	-	20	-	-	20	-	-
L. Hohol - AHS	0.88	-	48	-	48	-	-	48	-	-
A. Laupacis -AHS	0.33	-	20	-	20	-	-	20	-	-
J. Lehnars - AHS	0.88	-	49	-	49	-	-	49	-	-
I. Lewis - AHS	0.88	-	49	-	49	-	-	49	-	-
C. Roozen - AHS	0.63	-	27	-	27	-	-	27	-	-
D. Sieben - AHS	0.88	-	51	-	51	-	-	51	-	-
G. Winkel - AHS	0.33	-	-	-	-	-	-	-	-	-
M. Arnold	-	-	-	-	-	-	-	-	0.13	5
R. Crooker	-	-	-	-	-	-	-	-	0.13	4
P. Gulak	-	-	-	-	-	-	-	-	0.13	5
L. Heinemann	-	-	-	-	-	-	-	-	0.13	2
J. Hunter	-	-	-	-	-	-	-	-	0.13	3
R. Israelson	-	-	-	-	-	-	-	-	0.13	7
L. Johnson	-	-	-	-	-	-	-	-	0.13	2
C. Mastel	-	-	-	-	-	-	-	-	0.13	5
O. Olineck	-	-	-	-	-	-	-	-	0.13	8
J. Rudkowsky	-	-	-	-	-	-	-	-	0.13	6
M. Schreiber	-	-	-	-	-	-	-	-	0.13	4
Total Board Compensation	8.76	-	507	-	507	-	-	507	1.56	64

EAST CENTRAL HEALTH
SCHEDULE OF SALARIES AND BENEFITS
MARCH 31, 2009
(thousands of dollars)

	2009					2008				
	Number of FTE's ⁽¹⁾	Base Salary ⁽²⁾	Other Cash Benefits ⁽³⁾	Other Non- Cash Benefits ^{(4) (7)}	Sub-total	Severance ⁽⁵⁾		Total	Number of FTE's ⁽¹⁾	Total
						Number of Individuals	Amount			
Board Direct Reports ^(b)										
President and Chief Executive Officer - AHS ^(c)	0.02	\$ 17	\$ 94	\$ 5	\$ 116	-	\$ -	\$ 116	-	\$ -
Interim Chief Executive Officer - Contracted Service - AHS ^(d)	0.88	481	-	-	481	-	-	481	-	
Chief Executive Officer - Region ^{(6) (n)}	-	-	498	-	498	-	-	498	0.40	745
Official Administrator - Contracted Service - Region ^{(6) (e)}	0.30	119	-	-	119	-	-	119	0.60	263
CEO Direct Reports ^(f)										
Executive Operating Officer, Continuum of Care - AHS	0.79	363	42	133	538	1	1,323	1,861	-	-
Interim Chief Operating Officer, Corporate Services - Contracted Service- AHS ^{(6) (e)}	0.45	178	9	-	187	-	-	187	-	-
Special Assistant to the Chief Executive Officer, Corporate Services - Contracted Services - AHS	0.33	61	13	17	91	-	-	91	-	-
Vice President, Medical Services - Region	1.00	308	-	113	421	-	-	421	1.10	406
Vice President, Operations - Region ⁽⁶⁾	1.00	172	-	52	224	-	-	224	1.00	210
Chief Financial Officer - Region	1.00	191	21	44	256	1	316	572	1.00	187
Chief Corporate Services Officer - Region	1.00	159	-	41	200	-	-	200	1.00	191
Director, Communications - Region	1.07	91	-	16	107	-	-	107	0.80	90
Total Board and Executive	16.60	2,140	1,184	421	3,745	2	1,639	5,384	7.46	2,156
Management reporting to CEO Reports	20.97	2,428	96	445	2,969	-	-	2,969	16.50	2,054
Other management	79.45	7,194	121	1,388	8,703	-	-	8,703	65.70	6,939
Restructuring costs to transfer employees to LAPP ^(g)	-	-	-	7,000	7,000	-	-	7,000	-	-
Regulated nurses not included above										
RN's, Reg. Psych. Nurses, Grad nurses	296.32	23,488	2,669	4,967	31,124	-	-	31,124	281.90	28,064
LPN's	133.89	7,148	764	1,388	9,300	-	-	9,300	128.20	7,640
Other health technical and professionals	239.59	16,764	990	3,226	20,980	-	-	20,980	222.70	17,990
Unregulated health service providers	410.92	11,976	1,567	2,369	15,912	-	-	15,912	370.90	12,666
Other staff	493.66	19,554	224	4,404	24,182	-	-	24,182	475.30	21,805
Total	1,691.40	\$ 90,692	\$ 7,615	\$ 25,608	\$ 123,915	2	\$ 1,639	\$ 125,554	1,568.66	\$ 99,314

EAST CENTRAL HEALTH
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009

- (1) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed: 2,338 (2008 - 2,288). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.
- (2) Base salary includes pensionable base pay.
- (3) Other cash benefits include bonuses, overtime, shift and responsibility premiums, lump sum payments and honoraria.
- (4) Other non-cash benefits include:
 - a. Employer's current and prior service cost of supplementary retirement plans per note (7) below.
 - b. Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional membership and tuition.
 - c. Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.
- (5) Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.
- (6) Automobile provided. No dollar amount included in other non-cash benefits.
- (7) Supplemental Executive Retirement Plan (SERP)

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

EAST CENTRAL HEALTH

SCHEDULE OF SALARIES AND BENEFITS

FOR THE YEAR ENDED MARCH 31, 2009

- a) On May 15, 2008, the Region's board (which had already been replaced by two Official Administrators in July 2007), 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 these financial statements.
- b) Board Direct Reports for Region employees 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. Included are the AHS Board Direct Reports whose costs are reflected in the accounts of the Region.
- c) The President and Chief Executive Officer – AHS was appointed effective March 23, 2009. Other Cash Benefits includes reimbursement of relocation costs of \$44 and signing bonus of \$50. Costs incurred are reported in the accounts of the Region.
- d) The Interim Chief Executive Officer - 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. Costs incurred are reported in the accounts of the Region.
- e) On July 8, 2008 the Official Administrator for the Region was transferred to AHS as Chief Operating Officer – Corporate Services.
- f) CEO Direct Reports for Region employees reflect FTE's and costs for the 08-09 fiscal year based on the titling and positioning that existed as at July 8, 2008. Included are AHS CEO Direct Reports whose costs are reflected in the accounts of the Region. All other AHS positions are disclosed in Schedule 3 and costs are reported in the respective Regions' records.
- g) The Region has recorded an expense of \$1.3 million for AADAC and \$5.7 million for ACB related to the transfer of employees from PSPP to LAPP effective April 1, 2009. This estimate was actuarially determined based on pension information at December 31, 2007 that was updated for salary increases and pensionable service until April 1, 2009.
- h) The previous Chief Executive Officer left the Region in July 2007, however the SRP lump sum was not paid out until April 2008.

EAST CENTRAL HEALTH
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

Supplemental Executive Retirement Plan

	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				
Chief Executive Officer - Region ^(d)	\$ -	\$ 498	\$ 498	\$ 84	\$ 579	\$ (579)	\$ -	
Executive Operating Officer - AHS ^(b)	90	5	95	-	-	66	66	
Vice President - Medical Services - Region	45	45	90	77	442	2	444	
Vice President - Operations - Region	10	18	28	26	164	(18)	146	
Chief Financial Officer - Region ^(a)	7	12	19	17	97	60	157	
Chief Corporate Services Officer - Region	6	12	18	16	107	(4)	103	
Other ^(c)	6	(50)	(44)	-	-	470	470	
	\$ 164	\$ 540	\$ 704	\$ 220	\$ 1,389	\$ (3)	\$ 1,386	

(a) Receiving annual pension of \$10.3 indefinitely

(b) Paid lump sum of \$66.0 subsequent to March 31, 2009

(c) Relates to former HBA Services employees who were merged with the Region on November 1, 2008

(d) Paid lump sum of \$532.2

ALBERTA HEALTH SERVICES
CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

2009								
Number of FTE's ^(a)	Base Salary ^(b)	Other Cash Benefits ^(c)	Other Non- Cash Benefits ^{(d) (f)}	Subtotal	Severance ^(e)		Total	
					Number of Individuals	Amount		
Board Chair^(g)								
Ken Hughes	0.88	\$ -	\$ 77	\$ -	\$ 77	-	\$ -	\$ 77
Board Members^(g)								
Jack Ady	0.88	-	49	-	49	-	-	49
Pierre Crevolin	0.21	-	10	-	10	-	-	10
Catherine Roozen	0.63	-	27	-	27	-	-	27
Linda Hohol	0.88	-	48	-	48	-	-	48
John Lehnars	0.88	-	49	-	49	-	-	49
Irene Lewis	0.88	-	49	-	49	-	-	49
Don Sieben	0.88	-	51	-	51	-	-	51
Lori Andreachuk	0.33	-	20	-	20	-	-	20
Gord Bontje	0.33	-	22	-	22	-	-	22
Teri Lynn Bougie	0.33	-	20	-	20	-	-	20
Jim Clifford	0.33	-	23	-	23	-	-	23
Strater Crowfoot	0.33	-	22	-	22	-	-	22
Tony Franceschini	0.33	-	20	-	20	-	-	20
Andreas Laupacis	0.33	-	20	-	20	-	-	20
Gord Winkel	0.33	-	-	-	-	-	-	-
	<u>8.76</u>	<u>\$ -</u>	<u>\$ 507</u>	<u>\$ -</u>	<u>\$ 507</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 507</u>

ALBERTA HEALTH SERVICES
CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

	2009							
	Number of FTE's ^(a)	Base Salary ^(b)	Other Cash Benefits ^(c)	Other Non- Cash Benefits ^{(d) (f)}	Subtotal	Severance ^(e)		Total
Number of Individuals						Amount		
Board Direct Reports								
President and Chief Executive Officer ⁽ⁱ⁾	0.02	\$ 17	\$ 94	\$ 5	\$ 116	-	\$ -	\$ 116
Interim Chief Executive Officer – Contracted Service ^(k)	0.88	481	-	-	481	-	-	481
CEO Direct Reports								
Executive Operating Officer, Continuum of Care ⁽ⁱ⁾	0.71	363	42	133	538	1	1,323	1,861
Chief Operating Officer, Performance Improvement and Clinical Support Services ^{(i) (m)}	1.00	335	-	55	390	-	-	390
Chief Operating Officer, Urban ^{(n) (h)}	1.00	316	140	203	659	-	-	659
Chief Operating Officer, Community and Rural ^(o)	1.00	385	-	332	717	-	-	717
Interim Chief Operating Officer, Health Strategies, Research and Design ^(p)	1.00	324	-	70	394	1	351	745
Interim Chief Financial Officer ^{(q) (h)}	1.00	314	140	618	1,072	1	782	1,854
Interim Chief Operating Officer, Corporate Services - Contracted Service ^{(i) (r)}	0.45	178	9	-	187	-	-	187
Special Assistant to the Chief Executive Officer, Corporate Services - Contracted Service ^(s)	0.33	61	13	17	91	-	-	91
Interim Chief Operating Officer, Change Management ^{(h) (t)}	1.00	269	63	44	376	1	602	978
Senior Physician Executive ^(u)	1.00	380	95	104	579	-	-	579
	<u>9.39</u>	<u>3,423</u>	<u>596</u>	<u>1,581</u>	<u>5,600</u>	<u>4</u>	<u>3,058</u>	<u>8,658</u>
Total Board and Executive	<u>18.15</u>	<u>\$ 3,423</u>	<u>\$ 1,103</u>	<u>\$ 1,581</u>	<u>\$ 6,107</u>	<u>4</u>	<u>\$ 3,058</u>	<u>\$ 9,165</u>

ALBERTA HEALTH SERVICES
CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009
(thousands of dollars)

Supplemental Executive Retirement Plan

	2009			Accrued Benefit Obligation March 31, 2009
	Current Service Cost	Other SERP Costs	Total	
Executive Operating Officer, Continuum of Care ^(v)	\$ 90	\$ 5	\$ 95	\$ 66
Chief Operating Officer, Performance Improvement and Clinical Support Services	29	2	31	49
Chief Operating Officer, Urban	101	98	199	915
Chief Operating Officer, Community and Rural	33	277	310	394
Interim Chief Operating Officer, Health Strategies, Research and Design ^(v)	42	11	53	210
Interim Chief Financial Officer ^(v)	91	520	611	-
Interim Chief Operating Officer, Change Management ^(v)	18	8	26	141
Senior Physician Executive	75	22	97	334

ALBERTA HEALTH SERVICES
CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009

- a. Full-time equivalents (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 12.
- b. Base salary includes pensionable base pay.
- c. Other cash benefits include honoraria, bonuses, overtime, vacation payouts and lump sum payments.
- d. Other non-cash benefits include:
- Employer's current and prior service cost of supplementary retirement plans 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.

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.

- g. On May 15, 2008, the Alberta Health Services ('AHS') interim board was appointed. On December 1, 2008, an additional 8 panel members were appointed to complete the 15 member board. Honorariums and benefits of the AHS board members are reported in the financial statements of East Central Health.
- h. These individuals are provided with an automobile allowance. Dollar amounts are included in other cash benefits (c) above.

ALBERTA HEALTH SERVICES
CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009

- i. These individuals are provided with an automobile. Dollar amounts are not included in non-cash benefits (d) above.
- j. The President and CEO was appointed effective March 23, 2009. Other Cash Benefits includes reimbursement of relocation costs of \$44 and signing bonus of \$50. Costs incurred are reported in the accounts of East Central Health.
- k. The Interim CEO 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. The incumbent's contract was terminated effective March 20, 2009. Costs incurred are reported in the accounts of East Central Health.
- l. This position was appointed effective July 8, 2008 and terminated effective March 20, 2009. Costs incurred are reported in the accounts of East Central Health.
- m. This position was appointed effective July 8, 2008. Costs incurred, and reflected for the entire fiscal 08-09 year, are reported in the accounts of Aspen Regional Health Authority.
- n. This position was appointed effective July 8, 2008. Costs incurred, and reflected for the entire fiscal 08-09 year, are reported in the accounts of Calgary Health Region.
- o. This position was appointed effective July 8, 2008. Costs incurred, and reflected for the entire fiscal 08-09 year, are reported in the accounts of Chinook Regional Health Authority.
- p. This position was appointed effective July 8, 2008 and terminated effective April 30, 2009. Costs incurred, and reflected for the entire fiscal 08-09 year, are reported in the accounts of Alberta Cancer Board.
- q. This position was appointed effective July 8, 2008, and terminated effective March 31, 2009. Costs incurred, and reflected for the entire fiscal 08-09 year, are reported in the accounts of Calgary Health Region.
- r. This position was appointed effective July 8, 2008, and terminated effective November 27, 2008. Costs incurred, and reflected from July 8, 2008 to November 27, 2008, are reported in the accounts of East Central Health.
- s. This position was appointed effective December 2, 2008. Costs incurred are reported in the accounts of East Central Health.
- t. This position was appointed effective January 22, 2009. Costs incurred, and reflected for the entire fiscal 08-09 year, are reported in the accounts of Calgary Health Region. The incumbent will be departing December 31, 2009.
- u. This position was appointed effective February 9, 2009. Costs incurred, and reflected for the entire fiscal 08-09 year, are reported in the accounts of Calgary Health Region.

ALBERTA HEALTH SERVICES
CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2009

- v. Based on future SERP compensation benefits described under (f) above, the following schedule outlines pension income received by individuals who departed within the 08-09 fiscal period:

Name	Pension Income (not in thousands)	Frequency	Term
Executive Operating Officer, Continuum of Care	\$ 66,010	Lump-Sum	One-Time
Interim Chief Financial Officer	1,186,758	Lump-Sum	One-Time

The Interim Chief Operating Officer, Health Strategies, Research and Design and Interim Chief Operating Officer, Change Management are eligible for SERP benefits, but have not yet elected their pension income arrangement.

EAST CENTRAL HEALTH
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS TRANSFERRED TO ALBERTA HEALTH SERVICES
MARCH 31, 2009
(thousands of dollars)

	Assets	Liabilities	Unrestricted net assets		Investment in capital assets	Endowments	Total net assets
			Accumulated surplus/ (deficit)	Accumulated net unrealized gains/ (losses) on investments			
Alberta Alcohol and Drug Abuse Commission	\$ 27,081	\$ 10,782	\$ 16,299	\$ -	\$ -	\$ -	\$ 16,299
Alberta Cancer Board	300,056	237,408	3,990	2,175	46,181	10,302	62,648
Alberta Mental Health Board	120,029	111,674	10,482	(2,716)	589	-	8,355
Aspen Regional Health Authority	254,729	245,703	(6,459)	-	15,485	-	9,026
Calgary Health Region	3,519,550	3,463,231	(218,886)	(2,736)	277,941	-	56,319
Capital Health	2,944,195	2,836,705	(102,671)	(14,460)	224,621	-	107,490
Chinook Regional Health Authority	314,922	319,481	(23,042)	-	18,333	150	(4,559)
David Thompson Health Region	589,872	581,375	(25,492)	-	33,989	-	8,497
East Central Health	392,442	392,275	(11,244)	-	11,411	-	167
Northern Lights Health Region	206,786	156,598	29,703	(1)	20,486	-	50,188
Palliser Health Region	131,737	117,425	5,942	-	8,370	-	14,312
Peace Country Health	255,883	263,464	(21,440)	-	13,859	-	(7,581)
	<u>\$ 9,057,282</u>	<u>\$ 8,736,121</u>	<u>\$ (342,818)</u>	<u>\$ (17,738)</u>	<u>\$ 671,265</u>	<u>\$ 10,452</u>	<u>\$ 321,161</u>