

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements for the year ended March 31, 2018 are the responsibility of management and have been reviewed and approved by senior management. The consolidated financial statements were prepared in accordance with Canadian Public Sector Accounting Standards and the financial directives issued by Alberta Health, 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 systems of financial management and internal control which give consideration to costs, benefits and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- safeguard the assets and properties of the "Province of Alberta" under Alberta Health Services' administration

Alberta Health Services carries out its responsibility for the consolidated financial statements through the Audit & Risk Committee (the Committee). The Committee meets with management and the Auditor General of Alberta to review financial matters, and recommends the consolidated 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 Committee.

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

[Original Signed By]

Dr. Verna Yiu, MD, FRCPC
President and Chief Executive Officer
Alberta Health Services

[Original Signed By]

Deborah Rhodes, CPA, CA
Vice President Corporate Services and Chief Financial Officer
Alberta Health Services

May 31, 2018

Independent Auditor's Report

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

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of Alberta Health Services, which comprise the consolidated statement of financial position as at March 31, 2018, the consolidated statements of operations, remeasurement gains and losses, change in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained in my audit is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Alberta Health Services as at March 31, 2018, and the results of its operations, its remeasurement gains and losses, its changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]

W. Doug Wylie FCPA, FCMA, ICD.D
Auditor General

May 31, 2018
Edmonton, Alberta

CONSOLIDATED STATEMENT OF OPERATIONS			
YEAR ENDED MARCH 31			
	2018		2017
	Budget (Note 3)	Actual	Actual
Revenues:			
Alberta Health transfers			
Base operating	\$ 12,160,000	\$ 12,147,985	\$ 11,859,923
One-time base operating	-	14,683	50,000
Grant funding transferred to one-time base operating	-	-	14,515
Other operating	1,009,000	1,134,483	953,328
Recognition of expended deferred capital revenue	76,000	66,085	86,784
Other government transfers (Note 4)	451,000	438,127	456,152
Fees and charges	475,000	502,230	479,180
Ancillary operations	147,000	132,661	135,660
Donations, fundraising, and non-government contributions (Note 5)	144,000	160,076	164,016
Investment and other income (Note 6)	207,000	259,513	270,410
TOTAL REVENUE	14,669,000	14,855,843	14,469,968
Expenses:			
Community-based care	1,362,000	1,337,646	1,249,031
Home care	689,000	610,515	585,313
Continuing care	1,096,000	1,071,676	1,053,118
Population and public health	365,000	338,451	354,700
Ambulance services	480,000	512,410	497,686
Acute care	4,773,000	4,981,290	4,841,007
Diagnostic and therapeutic services	2,385,000	2,410,972	2,400,242
Education and research	305,000	298,160	285,300
Support services (Note 7)	2,211,000	2,181,641	2,145,541
Information technology	512,000	509,989	513,420
Administration (Note 8)	491,000	511,697	478,074
TOTAL EXPENSES (Schedules 1 and 3)	14,669,000	14,764,447	14,403,432
ANNUAL OPERATING SURPLUS	-	91,396	66,536
Accumulated surplus, beginning of year	1,226,000	1,225,659	1,159,123
Accumulated surplus, end of year (Note 19)	\$ 1,226,000	\$ 1,317,055	\$ 1,225,659

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31		
	2018 Actual	2017 Actual
Financial Assets:		
Cash	\$ 66,253	\$ 46,103
Investments (Note 10)	2,316,752	2,264,866
Accounts receivable (Note 11)	426,558	386,292
	2,809,563	2,697,261
Liabilities:		
Accounts payable and accrued liabilities (Note 12)	1,412,913	1,209,974
Employee future benefits (Note 13)	673,136	653,037
Unexpended deferred operating revenue (Note 14)	420,245	411,079
Unexpended deferred capital revenue (Note 15)	153,751	137,806
Debt (Note 17)	369,775	320,087
	3,029,820	2,731,983
NET DEBT	(220,257)	(34,722)
Non-Financial Assets:		
Tangible capital assets (Note 18)	8,031,307	7,619,077
Inventories for consumption	96,573	91,882
Prepaid expenses and other non-financial assets	165,721	128,058
	8,293,601	7,839,017
NET ASSETS BEFORE EXPENDED DEFERRED CAPITAL REVENUE	8,073,344	7,804,295
Expended deferred capital revenue (Note 16)	6,735,454	6,549,770
NET ASSETS	1,337,890	1,254,525
Net Assets is comprised of:		
Accumulated surplus (Note 19)	1,317,055	1,225,659
Accumulated remeasurement gains	20,835	28,866
	\$ 1,337,890	\$ 1,254,525

Contractual Obligations and Contingent Liabilities (Note 20)

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

Approved by the Board of Directors:

[Original Signed By]

Linda Hughes
Board Chair

[Original Signed By]

David Carpenter, FCPA, FCA
Audit & Risk Committee Chair

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT YEAR ENDED MARCH 31			
	2018		2017
	Budget (Note 3)	Actual	Actual
Annual operating surplus	\$ -	\$ 91,396	\$ 66,536
Effect of changes in tangible capital assets:			
Acquisition of tangible capital assets (Note 18)	(1,004,000)	(950,869)	(597,021)
Amortization and disposals of tangible capital assets (Note 18)	548,000	538,639	551,015
Effect of other changes:			
Net increase (decrease) in expended deferred capital revenue	330,000	185,684	19,338
Net (increase) decrease in inventories for consumption	-	(4,691)	2,557
Net (increase) decrease in prepaid expenses and other non-financial assets	2,000	(37,663)	(115)
Net remeasurement gains (losses) for the year	1,000	(8,031)	23,844
(Increase) decrease in net debt for the year	(123,000)	(185,535)	66,154
Net debt, beginning of year	(35,000)	(34,722)	(100,876)
Net debt, end of year	\$ (158,000)	\$ (220,257)	\$ (34,722)

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

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES YEAR ENDED MARCH 31		
	2018 Actual	2017 Actual
Unrestricted unrealized gains (losses) attributable to:		
Derivatives	\$ (40)	\$ 643
Portfolio investments		
Equity instruments quoted in an active market	27,873	32,926
Financial instruments designated to the fair value category	(19,143)	(194)
Amounts reclassified to the Consolidated Statement of Operations:		
Portfolio investments		
Equity instruments quoted in an active market	(20,493)	(555)
Financial instruments designated to the fair value category	3,772	(8,976)
Net remeasurement gains (losses) for the year	(8,031)	23,844
Accumulated remeasurement gains, beginning of year	28,866	5,022
Accumulated remeasurement gains, end of year (Note 10)	\$ 20,835	\$ 28,866

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

CONSOLIDATED STATEMENT OF CASH FLOWS		
YEAR ENDED MARCH 31		
	2018	2017
	Actual	Actual
Operating transactions:		
Annual operating surplus	\$ 91,396	\$ 66,536
Non-cash items:		
Amortization and disposals of tangible capital assets	538,639	551,015
Recognition of expended deferred capital revenue	(384,337)	(402,887)
Revenue recognized for acquisition of land	(6,286)	(687)
Decrease (increase) in:		
Accounts receivable related to operating transactions	2,116	(26,890)
Inventories for consumption	(4,691)	2,557
Prepaid expenses and other non-financial assets	(37,663)	(115)
Increase (decrease) in:		
Accounts payable and accrued liabilities related to operating transactions	62,592	(51,771)
Employee future benefits	20,099	32,350
Unexpended deferred operating revenue	(37,555)	(70,148)
Cash provided by operating transactions	244,310	99,960
Capital transactions:		
Acquisition of tangible capital assets	(612,961)	(380,401)
Increase in accounts payable and accrued liabilities related to capital transactions	140,347	25,433
Cash applied to capital transactions	(472,614)	(354,968)
Investing transactions:		
Purchase of investments	(3,168,353)	(3,339,338)
Proceeds on disposals of investments	3,109,935	3,290,394
Cash applied to investing transactions	(58,418)	(48,944)
Financing transactions:		
Restricted capital contributions received	264,565	278,230
Unexpended deferred capital revenue returned	(7,381)	(1,220)
Proceeds from debt	67,300	10,000
Principal payments on debt	(17,612)	(16,822)
Cash provided by financing transactions	306,872	270,188
Increase (decrease) in cash	20,150	(33,764)
Cash, beginning of year	46,103	79,867
Cash, end of year	\$ 66,253	\$ 46,103

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2018

Note 1 Authority, Purpose and Operations

Alberta Health Services (AHS) was established under the *Regional Health Authorities Act* (Alberta), effective April 1, 2009, as a result of the merger of 12 formerly separate health entities in Alberta.

Pursuant to Section 5 of the *Regional Health Authorities Act* (Alberta), AHS is responsible in Alberta to:

- promote and protect the health of the population and work toward the prevention of disease and injury;
- assess on an ongoing basis the health needs of the population;
- determine priorities in the provision of health services and allocate resources accordingly;
- ensure that reasonable access to quality health services is provided and;
- promote the provision of health services in a manner that is responsive to the needs of individuals and communities and supports the integration of services and facilities.

Additionally, AHS is accountable to the Minister of Health (the Minister) for the delivery and operation of the public health system.

The AHS consolidated financial statements include the revenue and expenses associated with its responsibilities. These consolidated financial statements do not reflect the complete costs of provincial health care. For a complete picture of the costs of provincial health care, readers should consult the consolidated financial statements of the Government of Alberta (GOA).

AHS and its contracted health service providers deliver health services at facilities and sites grouped in the following areas: addiction treatment, community mental health, standalone psychiatric facilities, acute care hospitals, sub-acute care in auxiliary hospitals, long-term care, palliative care, supportive living, cancer care, community ambulatory care centres, and urgent care centres.

Under the *Income Tax Act (Canada)*, AHS is a registered charity.

Note 2 Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

These consolidated financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) and the financial directives issued by Alberta Health (AH).

These consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity, which is comprised of the organizations controlled by AHS as noted below:

(i) Controlled Entities

AHS owns majority of the Class A voting shares in the following three entities:

- Calgary Laboratory Services Ltd. (CLS) - provides medical diagnostic services in Calgary and southern Alberta. AHS owns 100% of the Class A voting shares.
- Capital Care Group Inc. (CCGI) - manages continuing care programs and facilities in the Edmonton area. AHS owns 100% of the Class A voting shares.
- Carewest - manages continuing care programs and facilities in the Calgary area. AHS owns 99% of the Class A voting shares and 1% of the Class A voting shares are held in trust by Chair of the Board of Directors.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

AHS has majority representation on the governance boards indicating control of the following entities:

- Foundations:

Airdrie Health Foundation	Lacombe Health Trust
Alberta Cancer Foundation (ACF)	Medicine Hat and District Health Foundation
American Friends of the Calgary Health Trust Foundation	Mental Health Foundation
Bassano and District Health Foundation	North County Health Foundation
Bow Island and District Health Foundation	Oyen and District Health Care Foundation
Brooks and District Health Foundation	Peace River and District Health Foundation
Calgary Health Trust (CHT)	Ponoka and District Health Foundation
Canmore and Area Health Care Foundation	Rocky Mountain House & Area Health Services Foundation
Cardston and District Health Foundation	Stettler Health Services Foundation
Claresholm and District Health Foundation	Strathcona Community Hospital Foundation
Crowsnest Pass Health Foundation	Tofield and Area Health Services Foundation
David Thompson Health Trust (<i>inactive</i>)	Two Hills Health Centre Foundation
Fort Macleod and District Health Foundation	Vermillion and Region Health and Wellness Foundation (<i>inactive</i>)
Fort Saskatchewan Community Hospital Foundation	Viking Health Foundation
Grande Cache Hospital Foundation	Vulcan County Health and Wellness Foundation
Grimshaw/Berwyn and District Hospital Foundation	Windy Slopes Health Foundation
Jasper Health Care Foundation	
Lac La Biche Regional Health Foundation	

- Provincial Health Authorities of Alberta Liability and Property Insurance Plan (LPIP)
- Queen Elizabeth II Hospital Child Care Centre

(ii) Government Partnerships

AHS proportionately consolidates its 50% interests in Primary Care Network (PCN) partnerships with physician groups, its 50% interest in the Northern Alberta Clinical Trials Centre (NACTRC) partnership with the University of Alberta, and its 33.33% interest in the Institute for Reconstructive Sciences in Medicine (iRSM) partnership with the University of Alberta and Covenant Health (Note 22).

AHS entered into local primary care initiative agreements to jointly manage and operate the delivery of primary care services, to achieve the PCN plan objectives, and to contract and hold property interests required in the delivery of PCN services.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

The following PCNs are included in these consolidated financial statements on a proportionate basis:

Alberta Heartland Primary Care Network	Lloydminster Primary Care Network
Aspen (Athabasca/Westlock) Primary Care Network	McLeod River Primary Care Network
Big Country Primary Care Network	Mosaic Primary Care Network
Bighorn Primary Care Network	Northwest Primary Care Network
Bonnyville Primary Care Network	Palliser Primary Care Network
Bow Valley Primary Care Network	Peace Region Primary Care Network
Calgary Foothills Primary Care Network	Peaks to Prairies Primary Care Network
Calgary Rural Primary Care Network	Provost Primary Care Network
Calgary West Central Primary Care Network	Red Deer Primary Care Network
Camrose Primary Care Network	Rocky Mountain House Primary Care Network
Chinook Primary Care Network	Sexsmith/Spirit River Primary Care Network
Cold Lake Primary Care Network	Sherwood Park/Strathcona County Primary Care Network
Drayton Valley Primary Care Network	South Calgary Primary Care Network
Edmonton North Primary Care Network	St. Albert & Sturgeon Primary Care Network
Edmonton Oliver Primary Care Network	Wainwright Primary Care Network
Edmonton Southside Primary Care Network	West Peace Primary Care Network
Edmonton West Primary Care Network	WestView Primary Care Network
Grande Prairie Primary Care Network	Wetaskiwin Primary Care Network
Highland Primary Care Network	Wolf Creek Primary Care Network
Kalyna Country Primary Care Network	Wood Buffalo Primary Care Network
Lakeland (St. Paul/Aspen) Primary Care Network	
Leduc Beaumont Devon Primary Care Network	

All inter-entity accounts and transactions between these organizations and AHS are eliminated upon consolidation.

Adjustments are made for consolidated entities whose fiscal year-ends are different from AHS' fiscal year end. This only consists of LPIP with a fiscal year-end of December 31, 2017. All significant transactions in the interim period to March 31 have been recorded in the consolidated financial statements.

(iii) Trusts under Administration

These consolidated financial statements do not include trusts administered on behalf of others (Note 23).

(b) Revenue Recognition

Revenue is recognized in the period in which the transactions or events that give rise to the revenue as described below occur. All revenue is recorded on an accrual basis, except when the accrual cannot be determined within a reasonable degree of certainty or when estimation is impracticable.

(i) Government Transfers

Transfers from AH, other GOA ministries and agencies, and other government entities are referred to as government transfers.

Government transfers and the associated externally restricted investment income are recorded as deferred revenue if the eligibility criteria for the use of the transfer, or the stipulations together with AHS' actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the stipulations are met and, when applicable, AHS complies with its communicated use of the transfer.

All other government transfers, without stipulations for the use of the transfer, are recorded as revenue when the transfer is authorized and AHS meets the eligibility criteria.

Deferred revenue consists of unexpended deferred operating revenue, unexpended deferred capital revenue, and expended deferred capital revenue. The term deferred revenue in these consolidated financial statements refers to the components of deferred revenue as described.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

Unallocated costs, comprising of materials and services contributed by related parties in support of AHS' operations, are not recognized in these consolidated financial statements.

(ii) Donations, Fundraising, and Non-Government Contributions

Donations, fundraising, and non-government contributions are received from individuals, corporations, and other not-for-profit organizations. Donations, fundraising, and non-government contributions may be unrestricted or externally restricted for operating or capital purposes.

Unrestricted donations, fundraising, and non-government contributions are recorded as revenue in the year received or in the year the funds are committed to AHS if the amount can be reasonably estimated and collection is reasonably assured.

Externally restricted donations, fundraising, non-government contributions, and realized and unrealized gains and losses for the associated externally restricted investment income are recorded as deferred revenue if the terms for their use, or the terms along with AHS' actions and communications as to their use create a liability. These resources are recognized as revenue as the terms are met and, when applicable, AHS complies with its communicated use.

In-kind donations of services and materials are recorded at fair value when such value can reasonably be determined. While volunteers contribute a significant amount of time each year to assist AHS, the value of their services is not recognized as revenue and expenses in the consolidated financial statements because fair value cannot be reasonably determined.

(iii) Transfers and Donations related to Land

Transfers and donations for the purchase of land are recognized as a liability when received and as revenue when the land is purchased. AHS recognizes in-kind contributions of land as revenue at the fair value of the land when a fair value can be reasonably determined. When AHS cannot determine the fair value, it records such in-kind contributions at nominal value.

(iv) Fees and Charges, Ancillary Operations, and Other Income

Fees and charges, ancillary operations, and other income are recognized in the period that goods are delivered or services are provided. Amounts received for which goods or services have not been provided by year end are recorded as deferred revenue.

(v) Investment Income

Investment income includes dividend income, interest income, and realized gains or losses on the sale of portfolio investments. Unrealized gains and losses on portfolio investments exclusive of restricted transfers or donations are recognized in the Consolidated Statement of Remeasurement Gains and Losses until the related investments are sold. When realized, these gains or losses are recognized in the Consolidated Statement of Operations. Investment income and unrealized gains and losses from restricted transfers or donations are allocated to their respective balances according to the provisions within the individual agreements.

(c) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed. Interest expense includes debt servicing costs.

Expenses include grants and transfers under shared cost agreements. Grants and transfers are recorded as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

Note 2 Significant Accounting Policies and Reporting Practices (continued)**(d) Financial Instruments**

All of AHS' financial assets and liabilities are initially recorded at their fair value. The following table identifies AHS' financial assets and liabilities and identifies how they are subsequently measured:

Financial Assets and Liabilities	Subsequent Measurement and Recognition
Cash and investments	Measured at fair value with changes in fair values recognized in the Consolidated Statement of Remeasurement Gains and Losses or deferred revenue until realized, at which time the cumulative changes in fair value are recognized in the Consolidated Statement of Operations.
Accounts receivable, accounts payable and accrued liabilities and debt	Measured at amortized cost.

PSAS requires investments in equity instruments quoted in an active market to be recorded under the fair value category and AHS may choose to record other financial assets under the fair value category if there is an investment strategy to evaluate the performance of a group of these financial assets on a fair value basis. AHS has elected to record its money market securities, fixed income securities, and certain other equity investments at fair value. The three levels of information that may be used to measure fair value are:

- Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

AHS measures and recognizes embedded derivatives separately from the host contract when the economic characteristics and risk of the embedded derivative are not closely related to those of the host contract, when it meets the definition of a derivative and, when the entire contract is not measured at fair value. Embedded derivatives are recorded at fair value.

Derivatives are recorded at fair value in the Consolidated Statement of Financial Position. Derivatives with a positive or negative fair value are recognized as increases or decreases to investments. Unrealized gains and losses from changes in the fair value of derivatives are recognized in the Consolidated Statement of Remeasurement Gains and Losses.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported as a realized loss on the Consolidated Statement of Operations.

Transaction costs associated with the acquisition and disposal of investments are expensed as incurred. Investment management fees are expensed as incurred. The purchase and sale of investments are accounted for using trade date accounting.

(e) Cash

Cash is comprised of cash on hand. Cash on hand is held for the purpose of meeting short-term commitments rather than for investment purposes.

(f) Inventories For Consumption

Inventories for consumption or distribution at no charge are valued at lower of cost (defined as moving average cost) and replacement cost.

Note 2 Significant Accounting Policies and Reporting Practices (continued)**(g) Tangible Capital Assets**

Tangible capital assets and work in progress are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement, or betterment of the assets. Cost includes overhead directly attributable to construction and development as well as interest costs that are directly attributable to the acquisition or construction of the asset. Costs incurred by Alberta Infrastructure (AI) to build tangible capital assets on behalf of AHS are recorded by AHS as work in progress as AI incurs costs.

The costs less residual values of tangible capital assets, excluding land, are amortized over their estimated useful lives on a straight-line basis as follows:

	<u>Useful Life</u>
Facilities and improvements	10-40 years
Equipment	3-20 years
Information systems	3-10 years
Building service equipment	5-40 years
Land improvements	5-40 years

Work in progress, which includes facility and improvement projects and development of information systems, is not amortized until after a project is substantially complete and the tangible capital assets are put into service.

Leases transferring substantially all benefits and risks of tangible capital asset ownership are classified as capital leases and reported as tangible capital assets. Capital leases and leasehold improvements are amortized over the term of the lease. Capital lease obligations associated with these capital leases are recorded at the present value of the minimum lease payments excluding executory costs (e.g. insurance, maintenance costs, etc.) and reported as obligations under capital leases. The discount rate used to determine the present value of the lease payments is the lower of AHS' rate for incremental borrowing and the interest rate implicit in the lease.

Tangible capital assets are written down when conditions indicate that they no longer contribute to AHS' ability to provide goods and services or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. Net write-downs are accounted for as expenses in the Consolidated Statement of Operations.

Works of art, historical treasures, and collections are not recognized in tangible capital assets.

(h) Employee Future Benefits**(i) Registered Benefit Pension Plans**

AHS participates in the following registered defined benefit pension plans: the Local Authorities Pension Plan (LAPP) and the Management Employees Pension Plan (MEPP). These multi-employer public sector defined benefit plans provide pensions for participants for each year of pensionable service based on the average salary of the highest five consecutive years, up to the average Canada Pension Plan's Year's Maximum Pensionable Earnings (YMPE), over the same five consecutive year period. Benefits for post-1991 service payable under these plans are limited by the *Income Tax Act* (Canada). The President of Alberta Treasury Board and Minister of Finance is the legal trustee and administrator of the plans. The Department of Treasury Board and Finance accounts for its share of obligations for these pension plans relating to former and current employees of all of the organizations included in the GOA consolidated reporting entity on a defined benefit basis. As a participating government organization, AHS accounts for these plans on a defined contribution basis. Accordingly, the pension expense recorded for these plans in these consolidated financial statements is comprised of the employer contributions that AHS is required to pay for its employees during the fiscal year, which are calculated based on actuarially pre-determined amounts that are expected to provide the plan's future benefits.

(ii) Other Defined Contribution Pension Plans

AHS sponsors Group Registered Retirement Savings Plans (GRRSPs) for certain employee groups. Under the GRRSPs, AHS matches a certain percentage of any contribution made by plan participants up to certain limits. AHS also sponsors a defined contribution pension plan for certain employee groups where the employee and employer each contribute specified percentages of pensionable earnings.

Note 2 Significant Accounting Policies and Reporting Practices (continued)**(iii) Supplemental Retirement Plan for Designated Employees (SERP)**

The SERP covers certain employees and supplement the benefits under AHS' registered plans that are limited by the *Income Tax Act* (Canada). The SERP has been closed to new entrants since April 1, 2009. The SERP provides future pension benefits to participants based on years of service and earnings.

As required under the *Income Tax Act* (Canada), approximately half of the assets are held in a non-interest bearing Refundable Tax Account with the Canada Revenue Agency. The remaining assets of the SERP are invested in a combination of Canadian equities and Canadian fixed income securities.

The obligations and related costs of SERP benefits are determined annually through an actuarial valuation as at March 31 using the projected benefit method pro-rated on service. AHS uses a discount rate based on plan asset earnings to calculate the accrued benefit obligation.

The net SERP retirement benefit cost reported in these consolidated financial statements is comprised of the retirement benefits expense and the retirement benefits interest expense. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. The key components of retirement benefits expense include the cost of any plan amendments including related net actuarial gains or losses incurred in the period, gains and losses from any plan settlements or curtailments incurred in the period, and amortization of actuarial gains and losses. Retirement benefit costs are not cash payments in the period but are the period expense for rights to future compensation. The retirement benefits interest expense is net of the interest cost on the accrued benefit obligation and the expected return on plan assets.

AHS amortizes actuarial gains and losses over the average remaining service life of the related employee group.

Prior period service costs arising from plan amendments are recognized in the period of the plan amendment. When an employee's accrued benefit obligation is fully discharged, all unrecognized amounts associated with that employee are fully recognized in the net retirement benefit cost in the following year.

(iv) Supplemental Pension Plan (SPP)

Subsequent to April 1, 2009, staff that would have otherwise been eligible for SERP have been enrolled in a defined contribution SPP. The SPP supplements the benefits under AHS registered plans that are limited by the *Income Tax Act* (Canada). AHS contributes a percentage of an eligible employee's pensionable earnings, in excess of the limits of the *Income Tax Act* (Canada). The SPP provides participants with an account balance at retirement based on the contributions made to the plan and investment income earned on the contributions based on investment decisions made by the participant.

Note 2 Significant Accounting Policies and Reporting Practices (continued)**(v) Sick Leave Liability**

Sick leave benefits accumulate with employees' service and are provided by AHS to certain employee groups of AHS, as defined by employment agreements, to cover illness related absences that are outside of short-term and long-term disability coverage. Benefit amounts are determined and accumulate with reference to employees' final earnings at the time they are paid out. The cost of the accumulating non-vesting sick leave benefits is expensed as the benefits are earned.

AHS accrues its liabilities for accumulating non-vesting sick leave benefits but does not record a liability for sick leave benefits that do not accumulate beyond the current reporting period as these are renewed annually.

The accumulating non-vesting sick leave liability is actuarially determined using the projected benefit method pro-rated for service and management's best estimates of expected discount rate, inflation, rate of compensation increase, termination and retirement rates, and mortality. The liability associated with these benefits is calculated as the present value of expected future payments pro-rated for service.

Any resulting net actuarial gain (loss) is deferred and amortized on a straight-line basis over the expected average remaining service life of the related employee groups.

(vi) Other Benefits

AHS provides its employees with basic life, accidental death and dismemberment, short-term disability, long-term disability, extended health, dental, and vision benefits through benefits carriers. AHS fully accrues its obligations for employee non-pension future benefits.

(i) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recognized net of any expected recoveries. A liability for remediation of contaminated sites normally results from operations that are no longer in productive use and is recognized when all of the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) AHS is directly responsible or accepts responsibility;
- (iv) it is expected that future economic benefits will be given up; and
- (v) a reasonable estimate of the amount can be made.

(j) Foreign Currency Translation

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities and non-monetary items included in the fair value category reflect the exchange rates at the Consolidated Statement of Financial Position date. Unrealized foreign exchange gains and losses are recognized in the Consolidated Statement of Remeasurement Gains and Losses.

In the period of settlement, foreign exchange gains and losses are reclassified to the Consolidated Statement of Operations, and the cumulative amount of remeasurement gains and losses are reversed in the Consolidated Statement of Remeasurement Gains and Losses.

(k) Internally Restricted Surplus for Future Purposes

Certain amounts, as approved by the AHS Board, are set aside in accumulated surplus for use by AHS for future operating and capital purposes, to restrict amounts for legislatively required restricted equity and donations amounts restricted by third parties. Transfers to, or from, internally restricted surplus for future purposes are recorded to the respective reserved surplus when approved.

Note 2 Significant Accounting Policies and Reporting Practices (continued)**(l) Measurement Uncertainty**

The consolidated financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Measurement uncertainty exists when there is a difference between the recognized or disclosed amount and another reasonably possible amount. The amount recorded for amortization of tangible capital assets is based on the estimated useful life of the related tangible capital assets while the recognition of expended deferred capital revenue depends on when the terms for the use of the funding are met and, when applicable, AHS complies with its communicated use of the funding. The amounts recorded for employee future benefits are based on estimated future cash flows. The provision for unpaid claims, allowance for doubtful accounts and accrued liabilities are subject to significant management estimates and assumptions. The establishment of the provision for unpaid claims relies on the judgment and opinions of many individuals; historical precedent and trends; prevailing legal, economic, social, and regulatory trends; and expectation as to future developments. The process of determining the provision necessarily involves risks that the actual results will deviate perhaps materially from the best estimates made. These estimates and assumptions are reviewed at least annually. Actual results could differ from the estimates determined by management in these consolidated financial statements, and these differences, which may be material, could require adjustment in subsequent reporting periods.

(m) Changes in Accounting Policy

AHS has prospectively adopted the following accounting standards as of April 1, 2017:

PS 2200 Related Party Disclosures

PS 2200, Related Party Disclosures requires sufficient information be disclosed about the terms and conditions on which transactions between related parties are conducted and the relationship underlying them. The disclosure provides information necessary to assess the effect that the related party relationships have had, or, if not recognized, may have had on the entity's financial position and financial performance. The effect of adopting this standard has resulted in no changes in the accounting treatment and disclosure of AHS' related party disclosures.

PS 3420 Inter-Entity Transactions

PS 3420, Inter-Entity Transactions specifically addresses the reporting of transactions between entities controlled by a government and that comprises the government's reporting entity from both a provider and recipient perspective. The effect of adopting this standard has resulted in changes in the accounting treatment of unallocated costs with related entities. Space provided rent free by a related party has not been recognized in these consolidated financial statements effective April 1, 2017 – see Note 2(b)(i) and Note 21.

PS 3210 Assets

PS 3210, Assets provides additional guidance on the definition of assets set out in PS 1000 – Financial Statement Concepts and new disclosure requirements for those assets not recognized in the government's financial statements. The effect of adopting this standard has resulted in no changes in the accounting treatment and disclosure of AHS' assets.

PS 3320 Contingent Assets

PS 3320, Contingent Assets establishes standards on the reporting and disclosure of possible assets that may arise from existing conditions or situations involving uncertainty. The effect of adopting this standard has resulted in no changes in the disclosure of AHS' contingent assets.

PS 3380 Contractual Rights

PS 3380, Contractual Rights establishes standards on the reporting and disclosure of a government's rights to economic resources that may arise from contracts or agreements that will result in both an asset and revenue in the future. The effect of adopting this standard has resulted in no changes in the disclosure of AHS' contractual rights.

Note 2 Significant Accounting Policies and Reporting Practices (continued)**(n) Future Accounting Changes**

The following accounting standards are applicable in future years:

- **PS 3430 – Restructuring Transactions (effective April 1, 2018)**
PS 3430 provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related programs or operating responsibilities.
- **PS 3280 – Asset Retirement Obligations (effective April 1, 2021)**
PS 3280 provides guidance on how to account for and report a liability for retirement of a tangible capital asset.

AHS is currently assessing what the impact of these new standards will have on future consolidated financial statements.

Note 3 Budget

The 2017-18 AHS Health Plan and Business Plan, which included the 2017-18 annual budget, was approved by the AHS Board on June 2, 2017 and by the Minister of Health on July 4, 2017.

Note 4 Other Government Transfers

	2018	2017
Unrestricted operating	\$ 38,571	\$ 59,737
Restricted operating (Note 14)	112,460	118,303
Recognition of expended deferred capital revenue (Note 16)	287,096	278,112
	\$ 438,127	\$ 456,152

Other government transfers include \$429,855 (2017 – \$449,067) transferred from the GOA and \$8,272 (2017 – \$7,085) from the federal government, and exclude amounts from AH as these amounts are separately disclosed on the Consolidated Statement of Operations.

Note 5 Donations, Fundraising, and Non-Government Contributions

	2018	2017
Unrestricted operating	\$ 2,281	\$ 4,597
Restricted operating (Note 14)	126,311	120,120
Recognition of expended deferred capital revenue (Note 16)	31,156	37,991
Endowment contributions and reinvested income	328	1,308
	\$ 160,076	\$ 164,016

Note 6 Investment and Other Income

	2018	2017
Investment income	\$ 67,988	\$ 65,552
Other income:		
GOA (Note 21)	33,605	37,422
AH	16,361	19,166
Other	141,559	148,270
	\$ 259,513	\$ 270,410

Note 7 Support Services

	2018	2017
Facilities operations	\$ 873,483	\$ 869,181
Patient: health records, food services, and transportation	408,737	385,444
Materials management	177,090	207,661
Housekeeping, laundry, and linen	211,702	208,380
Support services expense of full-spectrum contracted health service providers	151,473	149,941
Ancillary operations	110,046	105,078
Fundraising expenses and grants awarded	46,279	42,866
Other	202,831	176,990
	\$ 2,181,641	\$ 2,145,541

Note 8 Administration

	2018	2017
General administration	\$ 266,597	\$ 251,703
Human resources	102,981	92,695
Finance	76,612	73,394
Communications	24,797	21,354
Administration expense of full-spectrum contracted health service Providers	40,710	38,928
	\$ 511,697	\$ 478,074

Note 9 Financial Risk Management

AHS is exposed to a variety of financial risks associated with its financial instruments. These financial risks include market risk, credit risk, and liquidity risk.

(a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk is comprised of three types of risk: price risk, interest rate risk, and foreign currency risk.

In order to earn financial returns at an acceptable level of market risk, the consolidated investment portfolio is governed by investment policies with clearly established target asset mixes. The target assets range between 0% and 100% for cash and money market securities, 0% to 80% for fixed income securities and 0% to 70% for equity holdings.

Risk is reduced through asset class diversification, diversification within each asset class, and portfolio quality constraints governing the quality of portfolio holdings.

AHS assesses the sensitivity of its portfolio to market risk based on historical volatility of equity and fixed income markets. Volatility is determined using a ten year average based on fixed income and equity market fluctuations and is applied to the total portfolio. Based on the volatility average of 2.85% (2017 – 2.76%) increase or decrease, with all other variables held constant, the portfolio could expect an increase or decrease in accumulated remeasurement gains and losses and unrealized net gains and losses attributable to deferred revenue and endowments of \$50,819 (2017 – \$48,779).

Note 9 Financial Risk Management (continued)**(i) Price Risk**

Price risk relates to the possibility that equity investments will change in fair value due to future fluctuations in market prices caused by factors specific to an individual equity investment or other factors affecting all equities traded in the market. AHS is exposed to price risk associated with the underlying equity investments held in pooled funds. If equity market indices (S&P/TSX, S&P1500 and MSCI ACWI and their sectors) declined by 10%, and all other variables are held constant, the potential loss in fair value to AHS would be approximately \$53,428 or 2.31% of total investments (March 31, 2017 – \$51,363 or 2.27%).

(ii) Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in market interest rates. AHS manages the interest rate risk exposure of its fixed income investments by management of average duration and laddered maturity dates.

AHS is exposed to interest rate risk through its investments in fixed income securities with both fixed and floating interest rates. AHS has fixed interest rate loans for all debt, thereby mitigating interest rate risk from rate fluctuations over the term of the outstanding debt. The fair value of fixed rate debt fluctuates with changes in market interest rates but the related future cash flows will not change.

In general, investment returns for bonds and mortgage funds are sensitive to changes in the level of interest rates, with longer term interest bearing securities being more sensitive to interest rate changes than shorter term bonds.

A 1% change in market yield relating to fixed income securities would have increased or decreased fair value by approximately \$71,683 (March 31, 2017 – \$68,009).

Fixed income securities include bonds and money market securities. The fixed income securities have the following average maturity structure ranging from 2018 and 2067:

	2018	2017
0 – 5 years	80%	78%
6 – 10 years	8%	13%
Over 10 years	12%	9%

Asset Class	Effective Market Yield			Average Effective Market Yield
	< 1 year	1-5 years	> 5 years	
Interest bearing securities	1.31%	2.18%	2.88%	2.13%

(iii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The fair value of cash and investments denominated in foreign currencies is translated into Canadian dollars on a daily basis using the reporting date exchange rate. Both the realized gain/loss and remeasurement gain/loss comprise actual gains or losses on the underlying investment as well as changes in foreign exchange rates at the time of the valuation. AHS is exposed to foreign exchange fluctuations on its cash denominated in foreign currencies. AHS is also exposed to changes in the valuation on its global equity pooled funds attributable to fluctuations in foreign currency.

Foreign currency risk is managed by the investment policies which limit non-Canadian equities to a maximum of 10% to 45% of the total investment portfolio, depending on the policy. At March 31, 2018, investments in non-Canadian equities represented 16.2% (March 31, 2017 – 15.3%) of total portfolio investments.

Note 9 Financial Risk Management (continued)

Foreign exchange fluctuations on cash balances are mitigated by forward contracts and holding minimal foreign currency cash balances. At March 31, 2018, AHS held US dollar forward contracts with ATB Financial to manage currency fluctuations relating to its US dollar accounts payable requirements. As at March 31, 2018, AHS held derivatives in the form of forward contracts for future settlement of \$24,000 (2017 – \$18,000). The fair value of these forward contracts as at March 31, 2018 was \$461 (2017 – \$501) and is included in investments (Note 10).

(b) Credit Risk

Credit risk is the risk of loss arising from the failure of a counterparty to fully honour its contractual obligations. The credit quality of financial assets is generally assessed by reference to external credit ratings. Credit risk can also lead to losses when issuers and debtors are downgraded by credit rating agencies. The investment policies restrict the types and proportions of eligible investments, thus mitigating AHS' exposure to credit risk.

Accounts receivable primarily consists of amounts receivable from AH, other Alberta government reporting entities, patients, other provinces and territories, Workers' Compensation Board, and the federal government. AHS periodically reviews the collectability of its accounts receivable and establishes an allowance based on its best estimate of potentially uncollectible amounts.

Under the investment policies governing the consolidated portfolio, money market securities are limited to a rating of R1 or equivalent or higher, and no more than 10% may be invested in any one issuer unless guaranteed by the Government of Canada or a Canadian province. Investments in corporate bonds are limited to BBB or equivalent rated bonds or higher and no more than 40% of the total fixed income securities. Investments in debt and equity of any one issuer are limited to 5% of the issuer's total debt and equity. AHS holds unrated mortgage fund investments. Short selling is not permitted.

The following table summarizes AHS' investment in debt securities by counterparty credit rating at March 31, 2018.

Credit Rating	2018	2017
Investment Grade (AAA to BBB)	89%	90%
Unrated	11%	10%
	100%	100%

(c) Liquidity Risk

Liquidity risk is the risk that AHS will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. Liquidity requirements of AHS are met through funding provided in advance by AH, income generated from investments, and by investing in liquid assets, such as money market investments, equities, and bonds traded in an active market that are easily sold and converted to cash.

Note 10 Investments

	2018		2017	
	Fair Value	Cost	Fair Value	Cost
Cash held for investing purposes	\$ 118,012	\$ 118,012	\$ 106,666	\$ 106,666
Interest bearing securities:				
Money market securities	124,320	124,320	101,113	101,113
Fixed income securities	1,540,138	1,549,534	1,543,462	1,546,500
	1,664,458	1,673,854	1,644,575	1,647,613
Equities:				
Canadian pooled equity funds	158,030	142,929	165,068	144,026
Global pooled equity funds	376,252	326,464	348,557	304,536
	534,282	469,393	513,625	448,562
	\$ 2,316,752	\$ 2,261,259	\$ 2,264,866	\$ 2,202,841

	2018	2017
Items at Fair Value		
Financial instruments designated to the fair value category	\$ 1,917,841	\$ 1,886,936
Portfolio investments in equity instruments that are quoted in an active market	398,450	377,429
Derivatives	461	501
	\$ 2,316,752	\$ 2,264,866

Included in investments is \$173,725 (March 31, 2017 – \$161,134) that is restricted for use as per the requirements in Sections 99 and 100 of the *Insurance Act* of Alberta. Endowments included in investments amount to \$74,694 (March 31, 2017 – \$74,710).

The following are the total net remeasurement gains on investments:

	2018	2017
Accumulated remeasurement gains	\$ 20,835	\$ 28,866
Restricted unrealized net gains attributable to unexpended deferred operating revenue and endowments (Note 14(b))	34,658	32,811
Restricted unrealized net gains attributable to unexpended deferred capital revenue (Note 15(b))	-	348
	\$ 55,493	\$ 62,025

Note 10 Investments (continued)**Fair Value Hierarchy**

	2018			
	Level 1	Level 2	Level 3	Total
Cash held for investing purposes	\$ 118,012	\$ -	\$ -	\$ 118,012
Interest bearing securities:				
Money market securities	-	124,320	-	124,320
Fixed income securities	-	1,393,124	147,014	1,540,138
Equities:				
Canadian pooled equity funds	155,358	2,672	-	158,030
Global pooled equity funds	243,092	133,160	-	376,252
	\$ 516,462	\$ 1,653,276	\$ 147,014	\$ 2,316,752
Percent of total	23%	71%	6%	100%

	2017			
	Level 1	Level 2	Level 3	Total
Cash held for investing purposes	\$ 106,666	\$ -	\$ -	\$ 106,666
Interest bearing securities:				
Money market securities	-	101,113	-	101,113
Fixed income securities	-	1,406,541	136,921	1,543,462
Equities:				
Canadian pooled equity funds	148,172	16,896	-	165,068
Global pooled equity funds	229,257	119,300	-	348,557
	\$ 484,095	\$ 1,643,850	\$ 136,921	\$ 2,264,866
Percent of total	21%	73%	6%	100%

Note 11 Accounts Receivable

	2018			2017
	Gross	Allowance for Doubtful Accounts	Net	Net
Patient accounts receivable	\$ 131,336	\$ 25,972	\$ 105,364	\$ 85,357
AH operating transfers receivable	81,104	-	81,104	89,247
AH capital transfers receivable	38,766	-	38,766	-
Other operating transfers receivable	30,025	-	30,025	45,810
Other capital transfers receivable	86,413	-	86,413	82,797
Other accounts receivable	84,900	14	84,886	83,081
	\$ 452,544	\$ 25,986	\$ 426,558	\$ 386,292

At March 31, 2017, the total allowance for doubtful accounts was \$24,323.

Note 12 Accounts Payable and Accrued Liabilities

	2018	2017
Payroll remittances payable and related accrued liabilities	\$ 522,604	\$ 523,543
Trade accounts payable and accrued liabilities	572,282	470,126
Provision for unpaid claims ^(a)	157,583	141,233
Obligations under capital leases ^(b)	112,675	31,641
Other liabilities	47,769	43,431
	\$ 1,412,913	\$ 1,209,974

Accounts payable and accrued liabilities includes payables related to the purchase of tangible capital assets of \$254,866 (2017 – \$114,519).

- (a) Provision for Unpaid Claims is an estimate of liability claims within AHS. It is influenced by factors such as historical trends involving claim payment patterns, pending levels of unpaid claims, claims severity and claim frequency patterns.

The provision has been estimated using the discounted value of claim liabilities using a discount rate of 2.35% (2017 – 2.20%) plus a provision for adverse deviation, based on actuarial estimates.

- (b) Obligations under capital leases include a site lease with the University of Calgary, a site lease for the Northern Communications Centre in Peace River, vehicle leases and obligations related to a clinical information system.

The obligations expire between 2018 and 2036 and have an implicit interest rate payable ranging from 2.42% to 6.97% (2017– 1.42% to 6.91%).

AHS is committed to making payments for obligations under capital leases as follows:

Year ended March 31	Minimum Contract Payments
2019	\$ 24,199
2020	23,349
2021	23,011
2022	23,011
2023	11,212
Thereafter	24,996
	129,778
Less: interest	(17,103)
	\$ 112,675

- (c) **Liability for Contaminated Sites**

At March 31, 2018, AHS has not identified or accepted any liability for contaminated sites (2017 – \$nil).

Note 13 Employee Future Benefits

	2018	2017
Accrued vacation pay	\$ 553,875	\$ 540,547
Accumulating non-vesting sick leave liability ^(a)	119,261	112,490
Registered defined benefit pension plans ^{(b) (c)}	-	-
	\$ 673,136	\$ 653,037

(a) Accumulating Non-Vesting Sick Leave Liability

Sick leave benefits are paid by AHS; there are no employee contributions and no assets set aside to support the obligation.

The AHS sick leave liability is based on an actuarial valuation as at March 31, 2015 and extrapolated to March 31, 2018.

The following table summarizes the accumulating non-vesting sick leave liability.

	2018	2017
Change in accrued benefit obligation and funded status		
Accrued benefit obligation and funded status, beginning of year	\$ 115,177	\$ 118,969
Current service cost	10,595	10,262
Interest cost	3,779	3,621
Benefits paid	(8,870)	(8,675)
Actuarial gain	(20,683)	(9,000)
Accrued benefit obligation and funded status, end of year	\$ 99,998	\$ 115,177
Reconciliation to accrued benefit liability		
Funded status – deficit	\$ 99,998	\$ 115,177
Unamortized net actuarial gain (loss)	19,263	(2,687)
Accrued benefit liability	\$ 119,261	\$ 112,490
Components of expense		
Current service cost	\$ 10,595	\$ 10,262
Interest cost	3,779	3,621
Amortization of net actuarial loss	1,267	1,267
Net expense	\$ 15,641	\$ 15,150
Assumptions		
Discount rate – beginning of year	2.02%	2.90%
Discount rate – end of year	3.38%	2.02%
Rate of compensation increase per year	2017-2018	2016-2017
	0.75%	2.43%
	2018-2019	2017-2018
	0.75%	0.75%
	Thereafter	Thereafter
	2.75%	2.75%

(b) Local Authorities Pension Plan (LAPP)**(i) AHS Participation in the LAPP**

The majority of AHS employees participate in the LAPP. AHS is not responsible for future funding of the plan deficit other than through contribution increases. As AHS is exposed to the risk of contribution rate increases, the following disclosure is provided to explain this risk.

The LAPP provides for a pension of 1.4% for each year of pensionable service based on the average salary of the highest five consecutive years up to the average Canada Pension Plan's Year's Maximum Pensionable Earnings (YMPE), over the same five consecutive year period and 2.0% on the excess, subject to the maximum pension benefit limit allowed under the *Income Tax Act* (Canada). The maximum pensionable service allowable under the plan is 35 years.

Note 13 Employee Future Benefits (continued)**(ii) LAPP Surplus (Deficiency)**

An actuarial valuation of the LAPP was carried out as at December 31, 2016 and these results were then extrapolated to December 31, 2017. The LAPP's December 31, 2017 net assets available for benefits divided by the LAPP's pension obligation shows that the LAPP is 113% (2016 – 98%) funded.

	December 31, 2017	December 31, 2016
LAPP net assets available for benefits	\$ 42,728,515	\$ 37,722,943
LAPP pension obligation	37,893,000	38,360,300
LAPP surplus (deficiency)	\$ 4,835,515	\$ (637,357)

The 2017 and 2018 LAPP contribution rates are as follows:

Calendar 2018		Calendar 2017	
Employer	Employees	Employer	Employees
10.39% of pensionable earnings up to the YMPE and 14.84% of the excess	9.39% of pensionable earnings up to the YMPE and 13.84% of the excess	11.39% of pensionable earnings up to the YMPE and 15.84% of the excess	10.39% of pensionable earnings up to the YMPE and 14.84% of the excess

(c) Pension Expense

	2018	2017
Local Authorities Pension Plan	\$ 587,007	\$ 595,795
Defined contribution pension plans and group RRSPs	49,021	48,397
Supplemental Pension Plan	2,303	2,230
Supplemental Executive Retirement Plans	(1,826)	2,240
Management Employees Pension Plan	393	585
	\$ 636,898	\$ 649,247

Note 14 Unexpended Deferred Operating Revenue**(a)** Changes in the unexpended deferred operating revenue balance are as follows:

	2018				2017
	AH	Other Government ⁽¹⁾	Donors and Non-Government	Total	Total
Balance, beginning of year	\$ 129,855	\$ 45,686	\$ 235,538	\$ 411,079	\$ 429,515
Received or receivable during the year, net of repayments	1,131,919	40,064	185,432	1,357,415	1,139,067
Restricted investment income	282	1,450	4,869	6,601	7,716
Transferred from (to) unexpended deferred capital revenue	8,150	51,671	(14,947)	44,874	47,461
Recognized as revenue	(1,134,483)	(112,460)	(126,311)	(1,373,254)	(1,191,751)
Miscellaneous other revenue recognized	(197)	(20)	(28,100)	(28,317)	(25,182)
	135,526	26,391	256,481	418,398	406,826
Changes in unrealized net gains attributable to portfolio investments related to endowments and unexpended deferred operating revenue	2,136	(20)	(269)	1,847	4,253
Balance, end of year	\$ 137,662	\$ 26,371	\$ 256,212	\$ 420,245	\$ 411,079

⁽¹⁾ The balance at March 31, 2018 for other government includes \$506 of unexpended deferred operating revenue received from the federal government (March 31, 2017 – \$582). The remaining balance in other government all relates to the GOA, see Note 21.

(b) The unexpended deferred operating revenue balance at the end of the year is externally restricted for the following purposes:

	2018				2017
	AH	Other Government	Donors and Non-Government	Total	Total
Research and education	\$ 19,465	\$ 1,521	\$ 150,309	\$ 171,295	\$ 157,178
Physician revenue and alternate relationship plans	38,046	1,612	-	39,658	27,241
Primary Care Networks	27,319	-	13	27,332	19,372
Long term care partnerships	-	16,735	-	16,735	17,227
Promotion, prevention and community	11,819	4,395	159	16,373	26,839
Addiction and mental health	15,888	29	335	16,252	20,912
Cancer prevention, screening and treatment	13,306	-	892	14,198	28,165
Administration and support services	1,062	761	53,267	55,090	59,374
Others less than \$10,000	10,381	1,318	16,955	28,654	21,960
	137,286	26,371	221,930	385,587	378,268
Unrealized net gain (loss) attributable to portfolio investments related to endowments and unexpended deferred operating revenue (Note 10)	376	-	34,282	34,658	32,811
	\$ 137,662	\$ 26,371	\$ 256,212	\$ 420,245	\$ 411,079

Note 15 Unexpended Deferred Capital Revenue

(a) Changes in the unexpended deferred capital revenue balance are as follows:

	2018				2017
	AH	Other Government ⁽ⁱ⁾	Donors and Non-Government	Total	Total
Balance, beginning of year	\$ 39,556	\$ 15,958	\$ 82,292	\$ 137,806	\$ 148,319
Received or receivable during the year	101,501	165,695	39,751	306,947	244,139
Transferred tangible capital assets (Note 18(a))	-	331,551	71	331,622	215,933
Other transfers	6,202	(6,202)	-	-	-
Unexpended deferred capital revenue returned	(7,071)	-	(310)	(7,381)	(1,220)
Transfer to expended deferred capital revenue	(83,354)	(446,473)	(40,194)	(570,021)	(422,225)
Transferred (to) from unexpended deferred operating revenue	(8,150)	(51,671)	14,947	(44,874)	(47,461)
	48,684	8,858	96,557	154,099	137,485
Changes in unrealized net gain on portfolio investments related to unexpended deferred capital revenue	(348)	-	-	(348)	321
Balance, end of year	\$ 48,336	\$ 8,858	\$ 96,557	\$ 153,751	\$ 137,806

⁽ⁱ⁾ The balance at March 31, 2018 for other government all relates to the GOA, see Note 21.

(b) The unexpended deferred capital revenue balance at the end of the year is externally restricted for the following purposes:

	2018	2017
AH		
Information systems less than \$10,000	\$ 42,132	\$ 32,504
Medical Equipment Replacement Upgrade Program	147	18
Equipment less than \$10,000	6,057	6,686
Total AH	48,336	39,208
Other government		
Facilities and improvements less than \$10,000	8,858	15,958
Total other government	8,858	15,958
Donors and non-government		
Equipment less than \$10,000	92,626	80,482
Facilities and improvements less than \$10,000	3,931	1,810
Total donors and non-government	96,557	82,292
Unrealized net gain on portfolio investments related to unexpended deferred capital revenue (Note 10)	-	348
	\$ 153,751	\$ 137,806

Note 16 Expended Deferred Capital Revenue

Changes in the expended deferred capital revenue balance are as follows:

	2018				2017
	AH	Other Government ⁽ⁱ⁾	Donors and Non-Government	Total	Total
Balance, beginning of year	\$ 256,313	\$ 6,111,388	\$ 182,069	\$ 6,549,770	\$ 6,530,432
Transferred from unexpended deferred capital revenue	83,354	446,473	40,194	570,021	422,225
Less: amounts recognized as revenue	(66,085)	(287,096)	(31,156)	(384,337)	(402,887)
Balance, end of year	\$ 273,582	\$ 6,270,765	\$ 191,107	\$ 6,735,454	\$ 6,549,770

⁽ⁱ⁾ The balance at March 31, 2018 for other government includes \$52 of expended deferred capital revenue received from the federal government (March 31, 2017 – \$78). The remaining balance in other government all relates to the GOA, see Note 21.

Note 17 Debt

	2018	2017
Debentures payable ^(a) :		
Parkade loan #1	\$ 29,424	\$ 32,223
Parkade loan #2	27,951	30,278
Parkade loan #3	36,630	39,089
Parkade loan #4	140,098	147,262
Parkade loan #5	33,938	35,605
Parkade loan #6	23,505	24,418
Parkade loan #7	51,500	51,500
Energy savings initiative loan	25,800	25,800
Other	929	1,212
	369,775	387,387
Loan proceeds to be received ^(b)	-	(67,300)
	\$ 369,775	\$ 320,087

(a) AHS issued debentures to Alberta Capital Financing Authority (ACFA), a related party, to finance the construction of parkades. AHS has pledged revenue derived directly or indirectly from the operations of all parking facilities being built, renovated, owned, and operated by AHS as security for these debentures.

AHS issued a debenture to ACFA relating to an energy savings initiative. AHS has pledged the mortgage on the Royal Alexandra Lands and Alberta Hospital Lands as security for this debenture.

AHS is in compliance with all terms of its debenture loans. The maturity dates and interest rates for the debentures are as follows:

	Maturity Date	Fixed Interest Rate
Parkade loan #1	September 2026	4.4025%
Parkade loan #2	September 2027	4.3870%
Parkade loan #3	March 2029	4.9150%
Parkade loan #4	September 2031	4.9250%
Parkade loan #5	June 2032	4.2280%
Parkade loan #6	December 2035	3.6090%
Parkade loan #7	March 2038	2.6400%
Energy savings initiative loan	December 2030	2.4160%
Other	March 2021	4.6000%

(b) During the year, loan proceeds of \$46,500 were received relating to the Foothills Medical Centre Lot 1 parkade debenture (Parkade loan #7). Semi-annual principal and interest payments of \$1,665 will commence September 2018. In addition, loan proceeds of \$20,800 were received relating to the energy savings initiative. Semi-annual principal and interest payments of \$1,162 will commence June 2018.

Note 17 Debt (continued)

AHS is committed to making payments as follows:

Year ended March 31	Debentures Payable and Other Loans Payable Principal Payments	
2019	\$	22,133
2020		23,091
2021		24,092
2022		24,800
2023		25,878
Thereafter		249,781
	\$	369,775

During the year, the amount of total interest expensed, including interest related to obligations under capital leases, was \$15,915 (2017 – \$16,221).

As at March 31, 2018, AHS has access to a \$220,000 (March 31, 2017 – \$220,000) revolving demand facility with a Canadian chartered bank which may be used for operating purposes. Draws on the facility bear interest at the bank's prime rate less 0.50% per annum. As at March 31, 2018, AHS has \$nil (March 31, 2017 – \$nil) draws against this facility.

AHS also has access to a \$33,000 (March 31, 2017 – \$33,000) revolving demand letter of credit facility which may be used to secure AHS' obligations to third parties. At March 31, 2018, AHS has \$4,790 (March 31, 2017 – \$3,469) in a letter of credit outstanding against this facility. AHS is in compliance with the terms of the agreement relating to the letter of credit, therefore no liability has been recorded.

Note 18 Tangible Capital Assets

Cost	2017	Additions ^(a)	Transfers out of Work in Progress	Disposals	2018
Facilities and improvements	\$ 8,996,755	\$ 3,646	\$ 304,041	\$ (3,979)	\$ 9,300,463
Work in progress	914,106	681,588	(416,625)	-	1,179,069
Equipment ^(b)	2,302,819	248,781	1,640	(40,352)	2,512,888
Information systems	1,362,656	10,568	68,023	(2,700)	1,438,547
Building service equipment	611,021	-	37,391	(60)	648,352
Land ^(c)	110,589	6,286	-	-	116,875
Leased facilities and improvements	224,968	-	4,097	-	229,065
Land improvements	82,764	-	1,433	-	84,197
	\$ 14,605,678	\$ 950,869	\$ -	\$ (47,091)	\$ 15,509,456

Accumulated Amortization	2017	Amortization Expense	Effect of Transfers	Disposals	2018
Facilities and improvements	\$ 3,412,872	\$ 257,586	\$ -	\$ (3,979)	\$ 3,666,479
Work in progress	-	-	-	-	-
Equipment ^(b)	1,802,535	136,123	-	(39,963)	1,898,695
Information systems	1,180,818	99,000	-	(2,698)	1,277,120
Building service equipment	365,016	33,244	-	(60)	398,200
Land ^(c)	-	-	-	-	-
Leased facilities and improvements	162,322	10,048	-	-	172,370
Land improvements	63,038	2,247	-	-	65,285
	\$ 6,986,601	\$ 538,248	\$ -	\$ (46,700)	\$ 7,478,149

	Net Book Value	
	2018	2017
Facilities and improvements	\$ 5,633,984	\$ 5,583,883
Work in progress	1,179,069	914,106
Equipment ^(b)	614,193	500,284
Information systems	161,427	181,838
Building service equipment	250,152	246,005
Land ^(c)	116,875	110,589
Leased facilities and improvements	56,695	62,646
Land improvements	18,912	19,726
	\$ 8,031,307	\$ 7,619,077

Note 18 Tangible Capital Assets (continued)

Cost	2016	Additions ^(a)	Transfers out of Work in Progress	Disposals	2017
Facilities and improvements	\$ 8,488,610	\$ -	\$ 510,770	\$ (2,625)	\$ 8,996,755
Work in progress	1,086,124	418,267	(590,285)	-	914,106
Equipment ^(b)	2,179,617	153,429	1,256	(31,483)	2,302,819
Information systems	1,331,861	24,391	17,754	(11,350)	1,362,656
Building service equipment	567,261	-	43,815	(55)	611,021
Land ^(c)	110,069	687	-	(167)	110,589
Leased facilities and improvements	219,937	247	4,784	-	224,968
Land improvements	70,919	-	11,906	(61)	82,764
	\$ 14,054,398	\$ 597,021	\$ -	\$ (45,741)	\$ 14,605,678

Accumulated Amortization	2016	Amortization Expense	Effect of Transfers	Disposals	2017
Facilities and improvements	\$ 3,179,295	\$ 236,203	\$ -	\$ (2,626)	\$ 3,412,872
Work in progress	-	-	-	-	-
Equipment ^(b)	1,678,226	155,393	-	(31,084)	1,802,535
Information systems	1,081,472	110,696	-	(11,350)	1,180,818
Building service equipment	332,616	32,449	-	(49)	365,016
Land ^(c)	-	-	-	-	-
Leased facilities and improvements	149,431	12,891	-	-	162,322
Land improvements	60,287	2,812	-	(61)	63,038
	\$ 6,481,327	\$ 550,444	\$ -	\$ (45,170)	\$ 6,986,601

	Net Book Value	
	2017	2016
Facilities and improvements	\$ 5,583,883	\$ 5,309,315
Work in progress	914,106	1,086,124
Equipment ^(b)	500,284	501,391
Information systems	181,838	250,389
Building service equipment	246,005	234,645
Land ^(c)	110,589	110,069
Leased facilities and improvements	62,646	70,506
Land improvements	19,726	10,632
	\$ 7,619,077	\$ 7,573,071

(a) Transferred Tangible Capital Assets

Additions include total transferred tangible capital assets of \$331,622 (2017 – \$215,933) consisting of \$331,551 from AI (2017 – \$215,933) and \$71 from other sources (2017 – \$nil).

(b) Leased Equipment

Equipment includes tangible capital assets acquired through capital leases at a cost of \$13,352 (2017 – \$13,417) with accumulated amortization of \$11,637 (March 31, 2017 – \$11,266). For the year ended March 31, 2018, leased equipment included a net increase of \$494 related to vehicles under capital leases (2017 – net decrease of \$1,137).

Note 18 Tangible Capital Assets (continued)**(c) Leased Land**

Land at the following sites has been leased to AHS at nominal values:

Site	Leased from	Lease Expiry
Cross Cancer Institute Parkade	University of Alberta	2019
Evansburg Community Health Centre	Yellowhead County	2031
Myrnam Land	Eagle Hill Foundation	2038
Two Hills Helipad	Stella Stefiuk	2041
McConnell Place North	City of Edmonton	2044
Northeast Community Health Centre	City of Edmonton	2047
Foothills Medical Centre Parkade	University of Calgary	2054
Alberta Children's Hospital	University of Calgary	2103

Note 19 Accumulated Surplus

Accumulated surplus is comprised of the following:

	2018					2017
	Unrestricted Surplus ^(a)	Internally Restricted Surplus for Future Purposes ^(b)	Invested in Tangible Capital Assets ^(c)	Endowments ^(d)	Total	Total
Balance, beginning of year	\$ 211,715	\$ 224,929	\$ 714,305	\$ 74,710	\$ 1,225,659	\$ 1,159,123
Annual operating surplus	91,396	-	-	-	91,396	66,536
Tangible capital assets acquired with internal funds	(237,934)	-	237,934	-	-	-
Amortization of internally funded tangible capital assets	154,302	-	(154,302)	-	-	-
Repayment of debt used to fund tangible capital assets	(17,612)	-	17,612	-	-	-
Payments on obligations under capital leases	(2,207)	-	2,207	-	-	-
Net receipt of life lease deposits	596	-	(596)	-	-	-
Transfer of internally restricted	(12,247)	12,247	-	-	-	-
Transfer of endowment contributions	16	-	-	(16)	-	-
Balance, end of year	\$ 188,025	\$ 237,176	\$ 817,160	\$ 74,694	\$ 1,317,055	\$ 1,225,659

(a) Unrestricted Surplus

Unrestricted surplus represents the portion of accumulated surplus that has not been internally restricted for future purposes, invested in tangible capital assets, or endowments.

Note 19 Accumulated Surplus (continued)**(b) Internally Restricted Surplus for Future Purposes**

The Board has approved the restriction of accumulated surplus for future purposes as follows:

	2018	2017
Ancillary services ⁽ⁱ⁾	\$ 124,525	\$ 112,718
Insurance equity requirements ⁽ⁱⁱ⁾	34,835	42,224
Foundations ⁽ⁱⁱⁱ⁾	41,395	39,987
Other ^(iv)	36,421	30,000
Internally restricted surplus for future purposes	\$ 237,176	\$ 224,929

(i) Restriction of ancillary operation surpluses from parking, retail food services, and controlled entities.

(ii) Restriction of surplus related to equity of the LPIP.

(iii) Restriction of surplus related to AHS Controlled Foundations.

(iv) Restriction of surplus to address funding of expenses for certain initiatives spanning multiple fiscal years.

(c) Invested in Tangible Capital Assets

The restriction of accumulated surplus is equal to the net book value of internally funded tangible capital assets as these amounts are only available to AHS for its health care mandate.

(d) Endowments

Endowments represent the portion of accumulated surplus that is restricted and must be maintained in perpetuity. Transfers of endowment contributions from unrestricted surplus include \$328 (2017 - \$1,308) of contributions and reinvested income received in the year (Note 5) offset by other transfers of \$344 (2017 - \$nil).

Note 20 Contractual Obligations and Contingent Liabilities**(a) Leases**

AHS is contractually committed to future operating lease payments as follows:

Year ended March 31	Total Lease Payments
2019	\$ 57,541
2020	48,727
2021	42,188
2022	39,702
2023	34,182
Thereafter	75,950
	\$ 298,290

(b) Contingent Liabilities

AHS is subject to legal claims during its normal course of business. AHS records a liability when the assessment of a claim indicates that a future event is likely to confirm that an asset had been impaired or a liability incurred at the date of the financial statements and the amount of the contingent loss can be reasonably estimated.

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2018, accruals have been recorded as part of the provision for unpaid claims and other liabilities (Note 12). Included in this accrual are claims in which AHS has been jointly named with the Minister. The accrual provided for these claims under the provision for unpaid claims represents AHS' portion of the liability.

AHS has been named in 223 legal claims (2017 – 186 claims) related to conditions in existence at March 31, 2018 where the likelihood of the occurrence of a future event confirming a contingent loss is not reasonably determinable. Of these, 208 claims have \$308,012 in specified amounts and 15 have no specified amounts (2017 – 179 claims with \$310,941 of specified claims and 7 claims with no specified amounts). The resolution of indeterminable claims may result in a liability, if any, that is different than the claimed amount.

Note 20 Contractual Obligations and Contingent Liabilities (continued)

AHS has been named as a co-defendant, along with the GOA, in a certified Class Action (the Claim) arising from increases to long-term accommodation charges implemented by Alberta Government regulations enacted on and after August 1, 2003, and paid by residents of long-term care facilities. The Claim was originally dismissed after trial, but the plaintiffs have filed a notice of appeal which will be heard at a later date. The likelihood of the Claim is considered by AHS to be indeterminable, and the amount of the Claim has not yet been specified.

Note 21 Related Parties

Transactions with related parties are included within these consolidated financial statements, unless otherwise stated.

AH appoints all members of the AHS Board. The viability of AHS' operations depends on transfers from AH. Transactions between AHS and AH are reported and disclosed in the Consolidated Statement of Operations, the Consolidated Statement of Financial Position, and the Notes to the Consolidated Financial Statements, and are therefore excluded from the table below.

Related parties also include key management personnel of AHS. AHS has defined key management personnel to include those disclosed in Sub-Schedule 2A & 2B of these consolidated financial statements. Related party transactions with key management personnel primarily consist of compensation related payments and are considered to be undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length.

AHS is considered to be a related party with those entities consolidated or included on a modified equity basis in the GOA consolidated financial statements. Transactions between AHS and the other ministries are recorded at their exchange amount as follows:

	Revenues ^(a)		Expenses	
	2018	2017	2018	2017
Ministry of Advanced Education ^(b)	\$ 55,936	\$ 52,621	\$ 179,759	\$ 122,527
Ministry of Infrastructure ^(c)	350,196	373,253	276	24,538
Other ministries ^(d)	58,101	60,865	31,460	29,341
Total for the year	\$ 464,233	\$ 486,739	\$ 211,495	\$ 176,406

	Receivable from		Payable to	
	2018	2017	2018	2017
Ministry of Advanced Education ^(b)	\$ 4,578	\$ 5,536	\$ 22,749	\$ 26,449
Ministry of Infrastructure ^(c)	21,526	23,623	-	-
Other ministries ^(d)	16,891	30,412	378,440	322,157
Balance, end of year	\$ 42,995	\$ 59,571	\$ 401,189	\$ 348,606

(a) Revenues with GOA ministries include other government transfers of \$429,855 (2017 – \$449,067), (Note 4), other income of \$33,605 (2017 – \$37,422), (Note 6), and fees and charges of \$773 (2017 – \$250).

(b) Most of AHS transactions with the Ministry of Advanced Education relate to initiatives with the University of Alberta and the University of Calgary. These initiatives include teaching, research, and program delivery. A number of physicians are employed by either AHS or the universities but perform services for both. Due to proximity of locations, some initiatives result in sharing physical space and support services. The revenue and expense transactions are a result of grants provided from one to the other and recoveries of shared costs.

(c) The transactions with the Ministry of Infrastructure (AI) relate to the construction and funding of tangible capital assets. These transactions include operating transfers of \$63,699 (2017 – \$71,225) and recognition of expended deferred capital revenue of \$286,497 (2017 – \$277,660) relating to tangible capital assets with stipulations or external restrictions to utilize over their remaining useful lives. Per Note 2(b), effective April 1, 2017 unallocated costs with AI, which comprise space provided rent free, are no longer recognized (2017 - \$24,368) in these consolidated financial statements. Not included in the table above but included in total amounts disclosed in Note 18(a) is the transfer of tangible capital assets from AI of \$331,551 (2017 – \$215,933).

Note 21 Related Parties (continued)

(d) The payable transactions with other ministries include the debt payable to ACFA (Note 17(a)).

At March 31, 2018, AHS has recorded deferred revenue from other ministries within the GOA, excluding AH, of \$25,865 (March 31, 2017 – \$45,104) related to unexpended deferred operating revenue (Note 14), \$8,858 (March 31, 2017 – \$15,958) related to unexpended deferred capital revenue (Note 15) and \$6,270,713 (March 31, 2017 – \$6,111,310) related to expended deferred capital revenue (Note 16).

Contingent liabilities in which AHS has been jointly named with other government entities within the GOA are disclosed in Note 20.

Note 22 Government Partnerships

AHS has proportionately consolidated 50% of the results of the PCNs and NACTRC and 33.33% of the results in iRSM. The following is 100% of the financial position and results of operations for AHS' government partnerships.

	2018	2017
Financial assets	\$ 74,306	\$ 57,950
Liabilities	74,306	57,950
Accumulated surplus	\$ -	\$ -
Total revenues	\$ 248,123	\$ 231,097
Total expenses	248,123	231,097
Annual surplus	\$ -	\$ -

Note 23 Trusts under Administration**(a) Health Benefit Trust of Alberta (HBTA)**

AHS is one of more than 30 participants in the HBTA and has a majority of representation on the HBTA governance board. The HBTA is a formal health and welfare trust established under a Trust Agreement effective January 1, 2000. The HBTA provides health and other related employee benefits pursuant to the authorizing Trust Agreement.

HBTA's balances as at December 31 are as follows;

	2017	2016
Financial assets	\$ 131,234	\$ 93,274
Liabilities	15,340	15,091
Net financial assets	\$ 115,894	\$ 78,183
Non- financial assets	6	-
Net assets	\$ 115,900	\$ 78,183

AHS has included in prepaid expenses \$91,077 (March 31, 2017 – \$64,317) as a share of the HBTA's net assets representing in substance a prepayment of future premiums. For the fiscal year ended March 31, 2018, AHS paid premiums of \$382,090 (2017 – \$340,947) to HBTA.

(b) Other Trust Funds

AHS receives funds in trust for research and development, education, and other programs. These amounts are held and administered on behalf of others in accordance with the terms and conditions embodied in the relevant agreements with no unilateral power to appropriate the funds or to change the conditions set out in the trust indenture (or agreement) and therefore are not reported in these consolidated financial statements. As at March 31, 2018, the balance of funds held in trust by AHS for research and development is \$150 (March 31, 2017 – \$514).

Note 23 Trusts under Administration (continued)

AHS receives funds in trust from continuing care residents for personal expenses. As at March 31, 2018, the balance of these funds is \$1,686 (March 31, 2017 – \$1,717). These amounts are not included in the consolidated financial statements.

Note 24 Segment Disclosure

The Consolidated Schedule of Segment Disclosures – Schedule 3 is intended to enable users to better understand the reporting entity and identify the resources allocated to the major activities of the organization.

AHS' revenues, as reported on the Statement of Operations, are most informatively presented by source and are not reasonably assignable to the reportable segments. For each reported segment, the expenses are directly or reasonably attributable to the segment.

The segments have been selected based on the presentation that is adopted for the financial reporting, planning and budget processes, and represent the major distinguishable activities of AHS.

Segments include:

(a) Community-based care

Community-based care includes supportive living, palliative and hospice care, and community programs including Primary Care Networks, Family Care Clinics, urgent care centres, and community mental health. This segment excludes community-based dialysis, oncology, and surgical services.

(b) Home care

Home care is comprised of home nursing and support.

(c) Continuing care

Continuing care is comprised of long-term care including chronic and psychiatric care in facilities operated by AHS and contracted providers.

(d) Population and public health

Population and public health is comprised primarily of health promotion, disease and injury prevention, and health protection.

(e) Ambulance services

Ambulance services is comprised of ground ambulance, air ambulance, patient transport, and Emergency Medical Services (EMS) central dispatch. AHS also supports community paramedic programs, as well as other programs that support the learning, development, quality and safety of EMS professionals.

(f) Acute care

Acute care is comprised predominantly of patient care units such as medical, surgical, intensive care, obstetrics, pediatrics, mental health, emergency, day/night care, clinics, day surgery, and contracted surgical services. This segment also includes operating and recovery rooms.

(g) Diagnostic and therapeutic services

Diagnostic and therapeutic services support and provide care for patients through clinical lab (both in the community and acute), diagnostic imaging, pharmacy, acute and therapeutic services such as physiotherapy, occupational therapy, respiratory therapy, and speech language pathology.

Note 24 Segment Disclosure (continued)**(h) Support services**

Support services is comprised of building maintenance operations (including utilities), materials management (including purchasing, central warehousing, distribution and sterilization), housekeeping, patient registration, health records, food services, and emergency preparedness.

(i) Information technology

Information technology is comprised of costs pertaining to the provision of services to design, develop, implement, and maintain effective and efficient management support systems in the areas of data processing, systems engineering, technical support, and systems research and development.

(j) Administration

Administration is comprised of human resources, finance, communications and general administration, as well as a share of administration of certain contracted health service providers. General administration includes senior executives and many functions such as planning and development, infection control, quality assurance, patient safety, insurance, privacy, risk management, internal audit, and legal. Activities and costs directly supporting clinical activities are excluded.

Note 25 Corresponding Amounts

Certain amounts have been reclassified to conform to 2018 presentation.

Note 26 Approval of Consolidated Financial Statements

The consolidated financial statements were approved by the AHS Board on May 31, 2018.

SCHEDULE 1 – CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
YEAR ENDED MARCH 31

	2018		2017
	Budget (Note 3)	Actual	Actual
Salaries and benefits (Schedule 2)	\$ 8,092,000	\$ 8,070,000	\$ 7,983,182
Contracts with health service providers	2,642,000	2,621,371	2,539,854
Contracts under the Health Care Protection Act	18,000	18,337	20,198
Drugs and gases	462,000	456,714	449,620
Medical and surgical supplies	403,000	413,840	385,213
Other contracted services	1,136,000	1,253,012	1,106,722
Other ^(a)	1,368,000	1,392,534	1,367,628
Amortization and disposals of tangible capital assets (Note 18)	548,000	538,639	551,015
	\$ 14,669,000	\$ 14,764,447	\$ 14,403,432
(a) Significant amounts included in Other are:			
Equipment expense		\$ 217,356	\$ 223,364
Other clinical supplies		154,101	152,312
Building and ground expenses		119,572	121,044
Utilities		117,997	105,159
Building rent		112,318	132,080
Housekeeping, laundry and linen, plant maintenance and biomedical engineering supplies		92,498	90,259
Food and dietary supplies		82,107	81,985
Office supplies		61,378	54,040
Insurance and liability claims		58,398	49,639
Fundraising and grants awarded		51,621	50,859
Minor equipment purchases		47,230	45,831
Travel		38,646	41,734
Telecommunications		38,026	39,397
Licenses, fees and memberships		30,964	28,477
Education		12,691	12,107
Other		157,631	139,341
		\$ 1,392,534	\$ 1,367,628

SCHEDULE 2 - CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2018

	2018						2017			
	FTE ^(a)	Base Salary ^(b)	Other Cash Benefits ^(c)	Other Non-Cash Benefits ^(d)	Subtotal	Severance ^(e)		Total	FTE ^(a)	Total
						Number of Individuals	Amount			
Total Board (Sub-Schedule 2A)	9.25	\$ -	\$ 311	\$ -	\$ 311	-	\$ -	\$ 311	9.21	\$ 310
Total Executive (Sub-Schedule 2B)	14.12	5,281	50	754	6,085	-	-	6,085	13.86	6,141
Management Reporting to CEO Direct Reports	72.86	16,161	432	3,115	19,708	2	361	20,069	66.06	18,691
Other Management	2,964.39	353,522	3,332	78,636	435,490	26	2,811	438,301	2,985.79	447,135
Medical Doctors not included above ^(f)	148.12	46,127	498	3,165	49,790	1	46	49,836	150.06	50,989
Regulated nurses not included above:										
RNs, Reg. Psych. Nurses, Grad Nurses	19,137.97	1,822,395	250,763	402,717	2,475,875	6	105	2,475,980	18,966.63	2,462,404
LPNs	4,987.54	327,262	41,251	71,217	439,730	-	-	439,730	4,836.11	422,959
Other health technical and professional	16,461.03	1,475,722	84,064	338,698	1,898,484	7	303	1,898,787	16,307.58	1,880,814
Unregulated health service providers	8,908.36	451,595	55,185	105,314	612,094	3	65	612,159	8,716.34	592,955
Other staff	26,738.08	1,670,483	91,267	365,723	2,127,473	55	1,681	2,129,154	26,382.57	2,101,209
Sub-total	79,441.72	6,168,548	527,153	1,369,339	8,065,040	100	5,372	8,070,412	78,434.21	7,983,607
Less amounts included in Other contracted services		(344)	(2)	(66)	(412)	-	-	(412)		(425)
Total		\$ 6,168,204	\$ 527,151	\$ 1,369,273	\$ 8,064,628	100	\$ 5,372	\$ 8,070,000		\$ 7,983,182

The accompanying footnotes and sub-schedules are part of this schedule.

SUB-SCHEDULE 2A – BOARD REMUNERATION FOR THE YEAR ENDED MARCH 31, 2018

	Term	2018 Committees	2018 Remuneration	2017 Remuneration
Board Chair				
Linda Hughes ^(g)	Since Nov 27, 2015	ARC, CEC, FC, GC, HRC, QSC	\$ 67	\$ 71
Board Members				
Dr. Brenda Hemmelgarn (Vice Chair)	Since Nov 27, 2015	CEC (Chair), QSC	48	51
David Carpenter	Since Nov 27, 2015	ARC (Chair), CEC, FC (Chair)	35	38
Richard Dicerni	Since Nov 27, 2015	FC, HRC (Chair)	30	30
Heather Hirsch	Since Nov 3, 2016	CEC, QSC	31	9
Hugh Sommerville	Since Nov 27, 2015	ARC, GC (Chair)	33	37
Marliss Taylor	Since Nov 27, 2015	CEC, GC, HRC	32	36
Glenda Yeates	Since Nov 27, 2015	ARC, FC, QSC (Chair)	33	33
Board Committee Participants^(h)				
Dr. Thomas Feasby	Nov 27, 2015 to Jan 18, 2017	QSC	-	2
Dr. Brian Postl	Since Jan 1, 2018	QSC	-	-
Gord Winkel	Since Nov 27, 2015	QSC	2	3
Total Board			\$ 311	\$ 310

Board members were remunerated with monthly honoraria. In addition, they received remuneration for attendance at Board and committee meetings.

Board committees were established by the Board to assist in governing AHS and overseeing the management of AHS' business and affairs. Board committee participants are eligible to receive remuneration for meetings attended, and in addition Board committee chairs also receive a monthly honorarium.

Committee legend: ARC = Audit and Risk Committee, CEC = Community Engagement Committee, FC = Finance Committee, GC = Governance Committee, HRC = Human Resources Committee, QSC = Quality and Safety Committee

SUB-SCHEDULE 2B - EXECUTIVE SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2018

For the Current Fiscal Year	2018						
	FTE ^(a)	Base Salary ^(b)	Other Cash Benefits ^(c)	Other Non-Cash Benefits ^(d)	Subtotal	Severance ^(e)	Total
Board Direct Reports							
Dr. Verna Yiu – President and Chief Executive Officer ^(l,w)	1.00	\$ 572	\$ -	\$ 104	\$ 676	\$ -	\$ 676
Ronda White – Chief Audit Executive ^(l,x)	1.00	276	-	64	340	-	340
Andrea Beckwith-Ferraton – Chief Ethics and Compliance Officer ^(k,x)	0.79	166	-	40	206	-	206
CEO Direct Reports							
Brenda Huband – VP and Chief Health Operations Officer, Central and Southern Alberta ^(x)	1.00	369	-	45	414	-	414
Dr. Ted Braun – VP and Medical Director, Central and Southern Alberta ^(x)	1.00	395	-	47	442	-	442
Deb Gordon – VP and Chief Health Operations Officer, Northern Alberta ^(l,x)	1.00	369	-	27	396	-	396
Dr. Mark Joffe – VP and Medical Director, Northern Alberta ^(m,n,y)	1.00	449	35	44	528	-	528
Dr. David Mador – VP and Medical Director, Northern Alberta ^(o)	0.08	36	-	4	40	-	40
Sean Chilton – VP, Collaborative Practice, Nursing and Health Professions ^(x)	1.00	329	-	72	401	-	401
Dr. Francois Belanger – VP, Quality and Chief Medical Officer ^(p,x)	1.00	462	-	43	505	-	505
Mauro Chies – VP, Clinical Support Services ^(q,x)	1.00	304	-	52	356	-	356
Karen Horon – Acting VP, Clinical Support Services ^(r)	0.19	44	-	8	52	-	52
Dr. Kathryn Todd – VP, System Innovation and Programs ^(n,y)	1.00	286	15	39	340	-	340
Todd Gilchrist – VP, People, Legal and Privacy ^(s,x)	1.00	449	-	64	513	-	513
Colleen Turner – VP, Community Engagement and Communications ^(t,x)	1.00	329	-	30	359	-	359
Deborah Rhodes – VP, Corporate Services and Chief Financial Officer ^(u,x)	1.00	433	-	68	501	-	501
Noela Inions – Chief Ethics and Compliance Officer ^(v,z)	0.06	13	-	3	16	-	16
Total Executive	14.12	\$ 5,281	\$ 50	\$ 754	\$ 6,085	\$ -	\$ 6,085

SUB-SCHEDULE 2B - EXECUTIVE SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2018 (CONTINUED)

For the Prior Fiscal Year	2017						
	FTE ^(a)	Base Salary ^(b)	Other Cash Benefits ^(c)	Other Non-Cash Benefits ^(d)	Subtotal	Severance ^(e)	Total
Board Direct Reports							
Dr. Verna Yiu – President and Chief Executive Officer	1.00	\$ 565	\$ 16	\$ 163	\$ 744	\$ -	\$ 744
Ronda White – Chief Audit Executive	1.00	240	-	39	279	-	279
CEO Direct Reports							
Brenda Huband – VP and Chief Health Operations Officer, Central and Southern Alberta	1.00	370	-	44	414	-	414
Dr. Ted Braun – VP and Medical Director, Central and Southern Alberta	1.00	383	5	69	457	-	457
Deb Gordon – VP and Chief Health Operations Officer, Northern Alberta	1.00	370	-	104	474	-	474
Dr. David Mador – VP and Medical Director, Northern Alberta	1.00	450	-	104	554	-	554
Sean Chilton – VP, Collaborative Practice, Nursing and Health Professions	0.27	89	-	14	103	-	103
Dave Bilan – Interim VP, Collaborative Practice, Nursing and Health Professions	0.77	130	-	2	132	-	132
Dr. Francois Belanger – VP, Quality and Chief Medical Officer	1.00	456	-	93	549	-	549
Karen Horon – Acting VP, Clinical Support Services	0.02	5	-	1	6	-	6
Mauro Chies – VP, Clinical Support Services	0.80	245	-	40	285	-	285
Dr. Kathryn Todd – VP, Research, Innovation and Analytics	1.00	264	13	32	309	-	309
Todd Gilchrist – VP, People, Legal and Privacy	1.00	450	-	78	528	-	528
Colleen Turner – VP, Community Engagement and Communications	1.00	314	-	81	395	-	395
Deborah Rhodes – VP, Corporate Services and Chief Financial Officer	1.00	370	-	65	435	-	435
Noela Inions – Chief Ethics and Compliance Officer	1.00	226	-	32	258	219	477
Total Executive	13.86	\$ 4,927	\$ 34	\$ 961	\$ 5,922	\$ 219	\$ 6,141

SUB-SCHEDULE 2C - EXECUTIVE SUPPLEMENTAL PENSION PLAN AND SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Certain employees will receive retirement benefits that supplement the benefits limited under the registered plans for service. The Supplemental Pension Plan (SPP) is a defined contribution plan and the Supplemental Executive Retirement Plan (SERP) is a defined benefit plan. The SERP is disclosed in Note 2(h)(iii). The amounts in this table represent the total SPP and SERP benefits earned by the individual during the fiscal year. The current period benefit costs for SPP and the other costs for SERP included in other non-cash benefits disclosed in Sub-Schedule 2B are prorated for the period of time the individual was in their position directly reporting to the Board or directly reporting to the President and Chief Executive Officer. Only individuals holding a position directly reporting to the Board or President and Chief Executive Officer during the current fiscal year are disclosed.

	2018			2017	Account Balance ⁽³⁾ or Accrued Benefit Obligation March 31, 2017	Change During the Year ⁽⁴⁾	Account Balance ⁽³⁾ or Accrued Benefit Obligation March 31, 2018
	SPP Current Period Benefit Costs ⁽¹⁾	SERP Other Costs ⁽²⁾	Total	Total			
Dr. Verna Yiu - President and Chief Executive Officer	\$ 49	\$ -	\$ 49	\$ 41	\$ 41	\$ 49	90
Ronda White - Chief Audit Executive	14	-	14	9	63	17	80
Andrea Beckwith-Ferraton - Chief Ethics and Compliance Officer	5	-	5	3	6	6	12
Brenda Huband - VP and Chief Health Operations Officer, Central and Southern Alberta							
SERP	-	(18)	(18)	23	380	9	389
SPP	24	-	24	25	125	30	155
Dr. Ted Braun - VP and Medical Director, Central and Southern Alberta							
SERP	-	(10)	(10)	12	209	6	215
SPP	28	-	28	27	85	32	117
Deb Gordon - VP and Chief Health Operations Officer, Northern Alberta							
SERP	-	(31)	(31)	35	649	17	666
SPP	24	-	24	25	116	31	147
Dr. Mark Joffe - VP and Medical Director, Northern Alberta ⁽ⁿ⁾	-	-	-	-	-	-	-
Dr. David Mador - VP and Medical Director, Northern Alberta	19	-	19	35	144	24	168
Sean Chilton - VP, Collaborative Practice, Nursing and Health Professions	20	-	20	18	115	24	139
Dr. Francois Belanger - VP, Quality and Chief Medical Officer	36	-	36	35	172	47	219
Mauro Chies - VP, Clinical Support Services	17	-	17	16	67	20	87
Karen Horon - Acting VP, Clinical Support Services	4	-	4	4	16	5	21
Dr. Kathryn Todd - VP, System Innovation and Programs ⁽ⁿ⁾	-	-	-	-	-	-	-
Todd Gilchrist - VP, People, Legal and Privacy	34	-	34	35	67	37	104
Colleen Turner - VP, Community Engagement and Communications	20	-	20	18	70	24	94
Deborah Rhodes - VP, Corporate Services and Chief Financial Officer	32	-	32	25	170	41	211
Noela Inions - Chief Ethics and Compliance Officer	-	-	-	8	76	(76)	-

(1) The SPP current period benefit costs are AHS contributions earned in the period.

(2) Other SERP costs include retirement benefits, interest expense on the obligations, and amortization of actuarial gains and losses, offset by the expected return on the plans' assets. AHS uses the straight line method to amortize actuarial gains and losses over the expected average remaining service life of the plan members.

(3) The account balance represents the total cumulative earned contributions to the SPP as well as cumulative investment gains or losses on the contributions.

(4) Changes in the accrued benefit obligation include current period benefit cost, interest accruing on the obligations and the amortization of any actuarial gains or losses in the period. Changes in the account balance include the current benefit costs and investment gains or losses related to the account.

FOOTNOTES TO THE CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2018

Definitions

- a. For this schedule, full time equivalents (FTE) are determined by actual hours earned divided by 2,022.75 annual base hours. FTE for the Board and Board committee members are prorated using the number of days in the fiscal year between either the date of appointment and the end of the year, the date of appointment and the termination date, or the beginning of the year and the termination date.
- b. Base salary is regular salary and includes all payments earned related to actual hours earned other than those reported as other cash benefits.

Vacation accruals are included in base salary except for direct reports of the Board or President and Chief Executive Officer whose vacation accruals are included in other non-cash benefits.
- c. Other cash benefits include, as applicable, honoraria, overtime, acting pay, travel and automobile allowances, lump sum payments and an allowance for professional development. Relocation expenses are excluded from compensation disclosure as they are considered to be recruiting costs to AHS and not part of compensation unless related to severance. Expense reimbursements are also excluded from compensation disclosure except where the expenses meet the definition of the other cash benefits listed above.
- d. Other non-cash benefits include:
 - Employer's current period benefit costs and other costs of supplemental pension plan and supplemental executive retirement plans as defined in Sub-Schedule 2C
 - Employer's share of employee benefit contributions and payments made on behalf of employees including pension, health care, dental and vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, and long and short-term disability plans
 - Vacation accruals and direct reports of the Board or President and Chief Executive Officer, and
 - 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 cash benefits or other non-cash benefits.
- f. Compensation provided by AHS for medical doctors included in salaries and benefits expense includes medical doctors paid through AHS payroll. The compensation provided by AHS for the remaining medical doctors is included in other contracted services.

Board and Board Committee Participants

- g. The Board Chair is an Ex-Officio member on all committees.
- h. These individuals were participants of Board committees, but are not Board members or AHS employees.

Executive

- i. The incumbent is engaged in an employment agreement with AHS while on leave of absence from the University of Alberta. The contract term ends June 2, 2021.
- j. As a result of a reclassification of their position, the incumbent received an increase in base salary effective April 1, 2017.
- k. The incumbent held the position of Acting Chief Ethics and Compliance Officer until June 18, 2017 at which time the incumbent was appointed Chief Ethics and Compliance Officer and became a direct report to the AHS Board. The incumbent received an increase in compensation for the new position.
- l. The incumbent received a vacation payout of \$15 during the year for unused accrued vacation earned in prior periods; accrued vacation has been recorded in their compensation as a non-cash benefit in the period it was earned.
- m. The incumbent was appointed to the position effective April 1, 2017.
- n. The incumbent is on secondment from the University of Alberta. The incumbent's total remuneration is comprised of salary amounts from both AHS and the University of Alberta, and AHS reimburses the University for the incumbent's base salary and benefits. In lieu of enrollment into the AHS SPP, the incumbent will receive an annual lump sum supplemental payment equivalent to the amount the incumbent would have received as a member of the SPP and payable from AHS. The lump sum has been included in Other Cash Benefits.
- o. The incumbent held the position of Vice President and Medical Director, Northern Alberta until May 1, 2017 at which time the incumbent moved to a part-time consultancy position and is no longer a direct report to the President and Chief Executive Officer.
- p. The incumbent received a vacation payout of \$39 during the year for unused accrued vacation earned in prior periods; accrued vacation has been recorded in their compensation as a non-cash benefit in the period it was earned.
- q. The incumbent returned from a temporary leave of absence on June 5, 2017, during which he received salary continuance, and resumed the role of Vice President, Clinical Support Services. The incumbent received a vacation payout of \$2 during the year for unused accrued vacation earned in prior periods; accrued vacation has been recorded in their compensation as a non-cash benefit in the period it was earned.
- r. The incumbent held the position of Acting Vice President, Clinical Support Services until June 12, 2017 at which time the incumbent resumed the role of Senior Operating Officer, Pharmacy Services and is no longer a direct report to the President and Chief Executive Officer.

FOOTNOTES TO THE CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2018 (CONTINUED)

- s. The incumbent received a vacation payout of \$9 during the year for unused accrued vacation earned in prior periods; accrued vacation has been recorded in their compensation as a non-cash benefit in the period it was earned.
- t. The incumbent received a vacation payout of \$22 during the year for unused accrued vacation earned in prior periods; accrued vacation has been recorded in their compensation as a non-cash benefit in the period it was earned.
- u. A compensation review for the incumbent was finalized May 23, 2017 and as a result, the incumbent's annual compensation was adjusted retroactive to September 29, 2014. The retroactive adjustment of \$19 per annum is reflected in the current year base salary amount. In addition, the incumbent received a vacation payout of \$1 during the year for unused accrued vacation earned in prior periods; accrued vacation has been recorded in their compensation as a non-cash benefit in the period it was earned.
- v. The incumbent held the position until April 21, 2017, at which time the accountability and scope of the position was expanded. The employer and employee negotiated a separation agreement which resulted in the incumbent resigning her position in exchange for a severance payment. The employer allowed this resignation to be communicated as a retirement. The incumbent received salary and other accrued entitlements to the date of resignation. The reported severance included 44 weeks of base salary at the rate in effect at the date of retirement and an additional 15% of the severance in lieu of benefits. This severance was expensed in the prior year. In addition, the incumbent received a vacation payout of \$39 for unused accrued vacation at the time of resignation; accrued vacation has been recorded in their compensation as a non-cash benefit in the period it was earned.

Termination Obligations

- w. In the case of termination without just cause by AHS, the incumbent shall receive severance pay equal to one month base salary for each completed month of service during the first year of the term or, after completion of one year of service of the term, 12 months base salary.
- x. The incumbent's termination benefits have not been predetermined.
- y. There is no severance associated with the secondment agreement. Upon termination of the secondment agreement, the incumbent would return to the incumbent's regular position at the University of Alberta.
- z. SPP

Based on the provision of the applicable SPP, the following outlines the benefits received by individuals who terminated employment with AHS within the 2017-18 fiscal period. As a result of retirement or termination, the incumbents are entitled to the benefits accrued to them up to the date of retirement or termination. For participants of SPP, the benefit includes the account balances as at March 31, 2017 and the current period benefit costs and investment gains or losses related to the account that were incurred during the current year. The AHS obligations are paid through either a lump sum payment or regular instalments:

Position	Supplemental Plan Commencement Date	Benefit (not in thousands)	Frequency	Payment Terms
Chief Ethics and Compliance Officer (SPP)	April 1, 2009	\$79,315	Once	May 2017

SCHEDULE 3 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURES
FOR THE YEAR ENDED MARCH 31

	2018								
	Salaries and benefits	Contracts with health service providers	Contracts under the Health Care Protection Act	Drugs and gases	Medical and surgical supplies	Other contracted services	Other	Amortization and disposals of tangible capital assets	Total
Community-based care	\$ 610,867	\$ 620,882	\$ -	\$ 3,076	\$ 3,643	\$ 20,961	\$ 77,774	\$ 443	\$ 1,337,646
Home care	287,294	220,857	-	144	6,421	72,220	23,266	313	610,515
Continuing care	309,691	717,001	-	7,413	5,376	4,071	26,413	1,711	1,071,676
Population and public health	292,051	9,584	-	7,342	2,609	12,373	14,056	436	338,451
Ambulance services	283,286	167,566	-	2,185	3,021	1,376	41,592	13,384	512,410
Acute care	2,973,443	389,239	18,337	420,969	329,427	609,582	185,228	55,065	4,981,290
Diagnostic and therapeutic services	1,512,912	300,340	-	12,696	57,552	263,333	223,634	40,505	2,410,972
Education and research	180,880	3,135	-	9	88	84,733	28,965	350	298,160
Support services	1,037,413	151,473	-	2,341	5,535	104,613	559,054	321,212	2,181,641
Information technology	225,874	584	-	-	-	37,570	141,891	104,070	509,989
Administration	356,289	40,710	-	539	168	42,180	70,661	1,150	511,697
Total	\$ 8,070,000	\$ 2,621,371	\$ 18,337	\$ 456,714	\$ 413,840	\$ 1,253,012	\$ 1,392,534	\$ 538,639	\$ 14,764,447

SCHEDULE 3 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURES (CONTINUED)
FOR THE YEAR ENDED MARCH 31

	2017								
	Salaries and benefits	Contracts with health service providers	Contracts under the Health Care Protection Act	Drugs and gases	Medical and surgical supplies	Other contracted services	Other	Amortization and disposals of tangible capital assets	Total
Community-based care	\$ 563,059	\$ 580,520	\$ -	\$ 2,897	\$ 3,207	\$ 27,385	\$ 71,092	\$ 871	\$ 1,249,031
Home care	274,160	209,600	-	575	6,978	68,156	25,287	557	585,313
Continuing care	315,100	690,517	-	7,409	5,320	5,958	27,073	1,741	1,053,118
Population and public health	307,058	10,177	-	9,343	1,619	16,202	10,077	224	354,700
Ambulance services	270,847	171,845	-	2,004	2,563	2,329	36,514	11,584	497,686
Acute care	3,015,073	386,558	20,198	409,359	300,030	459,640	186,483	63,666	4,841,007
Diagnostic and therapeutic services	1,502,015	290,270	-	16,015	58,985	266,963	210,900	55,094	2,400,242
Education and research	184,434	3,355	-	83	202	72,865	23,903	458	285,300
Support services	1,006,376	149,941	-	1,789	6,136	100,340	577,282	303,677	2,145,541
Information technology	214,987	8,143	-	-	-	41,500	137,396	111,394	513,420
Administration	330,073	38,928	-	146	173	45,384	61,621	1,749	478,074
TOTAL	\$ 7,983,182	\$ 2,539,854	\$ 20,198	\$ 449,620	\$ 385,213	\$ 1,106,722	\$ 1,367,628	\$ 551,015	\$ 14,403,432