

Financial Information

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For financial statements

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Financial Statements

for the Ministry of Energy

Consolidated Financial Statements for the Ministry of Energy

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AUDITOR'S REPORT

To the Minister of Energy

I have audited the consolidated statement of assets, liabilities and net assets of the Ministry of Energy as at March 31, 1998 and the consolidated statements of revenue and expense and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Ministry. My responsibility is to express an opinion on these financial statements based on my audit.

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

The Ministry of Energy is required to follow the corporate government accounting policies and reporting practices as disclosed in Note 3. These accounting policies have been established by Alberta Treasury and are consistent across ministries. With certain exceptions, the basis of accounting is in accordance with generally accepted accounting principles. My reservation of opinion in this auditor's report identifies the exceptions from generally accepted accounting principles that arise from following the accounting policies established by Alberta Treasury.

The following accounting policies are exceptions from generally accepted accounting principles:

Pension obligations

Obligations to pension plans for current and former employees of the Ministry have not been recognized as a liability in the accompanying consolidated statement of assets, liabilities and net assets and consequently the annual change in the liability has not been recognized in the consolidated statement of revenue and expense. In my view, on a basis of allocation similar to that used for Provincial agencies, an amount of approximately \$2,940,000 due to pension plans at March 31, 1998, in the Ministry's capacity as employer, and which is reflected in the financial statements of the Department of Treasury, should be recognized as a liability in these financial statements. The effect of not recognizing the annual change in the liability is to overstate the Ministry's expenses for the year ended March 31, 1998 by \$1,781,000.

Long-term disability benefits

Unfunded accrued long-term disability benefits have not been recognized as a liability in the accompanying consolidated statement of assets, liabilities and net assets and related expenses have not been recognized in the consolidated statement of revenue and expense. During the year ended March 31, 1998, the liability for the benefits for all departments, which was recorded in the financial statements of the Department of Treasury, was fully funded. However, unfunded benefits for all departments that were recorded in the financial statements of the two Long-term Disability Benefit Funds have not been allocated. In my view, the Ministry's liabilities at March 31, 1998 are understated by approximately \$127,240 and expenses for the year ended March 31, 1998 are understated by approximately \$391,671.

Capitalization of Assets

Capital assets costing less than \$15,000 are expensed by the Ministry in the year acquired and have not been recognized as an asset in the Ministry's consolidated statement of assets, liabilities, and net assets. In my view, an amount of approximately \$3,029,000, representing the net book value of capital assets purchased during the year ended March 31, 1998, should be recognized in these financial statements. The net effect of this understatement of assets is to overstate expenses for the year ended March 31, 1998 by approximately \$3,029,000.

Excluded direct costs

Accommodation and certain other administration costs incurred in the operation of the Ministry have not been included in expenses. These costs, estimated at \$2,957,000, are recorded by the departments that paid the expenses on behalf of the Ministry of Energy.

In my opinion, except for the effects of the matters discussed in the preceding sections, these financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.



FCA
Auditor General

Edmonton, Alberta
May 22, 1998

Ministry of Energy
Consolidated Statement of Revenue and Expense
For the year ended March 31, 1998

(in thousands)

	1998		1997
	Budget	Actual	Actual
Revenue: (Schedule 1)			
Non-renewable resource revenues	\$2,626,000	\$4,003,701	\$4,274,018
Freehold mineral rights tax	106,000	131,292	116,544
Industry levies and licences	43,479	49,144	46,304
Other	3,260	6,988	10,699
	2,778,739	4,191,125	4,447,565
Expense: (Schedule 2)			
Energy and utility resources	58,014	62,550	59,178
Departmental support services	18,587	22,865	20,808
Mineral operations and marketing	21,072	17,517	16,121
Research and external relations	17,675	7,268	8,247
Energy policy	5,147	5,846	4,529
	120,495	116,046	108,883
Valuation adjustments:			
Provision for doubtful accounts	35	(14,026)	100
Change in accrued vacation pay	-	617	(392)
	35	(13,409)	(292)
Write down of capital assets	-	-	7,081
Net operating results from continuing operations	2,658,209	4,088,488	4,331,893
Net operating results from discontinued operations (Note 10)	2,183	(3,062)	(2,507)
Net operating results	2,660,392	4,085,426	4,329,386
Net contribution to general revenues	(2,661,404)	(4,068,587)	(4,318,438)
Net income (loss)	\$ (1,012)	\$ 16,839	\$ 10,948

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

Ministry of Energy
Consolidated Statement of Changes in Financial Position
For the year ended March 31, 1998

(in thousands)

	1998	1997
Operating transactions:		
Net operating results	\$4,088,488	\$4,331,893
Non cash items included in net operating results		
Amortization	6,165	8,955
Provision for future project abandonment	(72)	(272)
Pension expense	2,258	(1,538)
Write down of assets	-	7,081
	<u>4,096,839</u>	<u>4,346,119</u>
Decrease (increase) in accounts receivable	(16,075)	74,583
Decrease (increase) in inventory	(6,258)	139,358
Decrease (increase) in prepaid expenses	45	(32)
Increase in accounts payable and accrued vacation pay	57,529	16,393
Increase in unearned revenues	2,965	70,000
Increase (decrease) in due to general revenues	95,404	(297,600)
Net contribution to general revenues	<u>(4,068,587)</u>	<u>(4,318,438)</u>
	161,862	30,383
Discontinued operations (Note 10)	<u>(1,620)</u>	<u>8,191</u>
Cash provided by operating transactions	<u>160,242</u>	<u>38,574</u>
Financing activities		
Increase (decrease) in gas royalty deposits	24,375	(9,748)
Pension obligations funded	(10,184)	-
Change in funds held on behalf of others	1,638	1,512
Discontinued operations (Note 10)	2,743	(1,220)
Cash provided by (used for) financing transactions	<u>18,572</u>	<u>(9,456)</u>
Investing activities:		
Proceeds from disposal of capital assets	-	3
Purchase of capital assets	(2,818)	(9,372)
Refund of net assets to general revenue	-	(179)
Discontinued operations (Note 10)	959	(6,610)
Cash provided by (used for) investing transactions	<u>(1,859)</u>	<u>(16,158)</u>
Net cash provided	176,955	12,960
Cash, Beginning of year	<u>54,635</u>	<u>41,675</u>
Cash, End of year	<u>\$ 231,590</u>	<u>\$ 54,635</u>

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

Ministry of Energy
Consolidated Statement of Assets, Liabilities, and Net Assets
For the year ended March 31, 1998

(in thousands)

	1998	1997
Assets:		
Cash and short-term investments (Note 4)	\$231,590	\$ 54,635
Accounts receivable	295,578	282,246
Inventory held for resale	54,800	48,542
Prepaid expenses	419	464
Pension benefits	3,110	-
Capital assets (Note 5)	27,071	35,821
	<u>\$612,568</u>	<u>\$421,708</u>
Liabilities and Net Assets:		
Accounts payable	115,794	58,845
Accrued vacation pay	6,457	5,878
Unearned revenue	72,965	70,000
Gas royalty deposits	227,717	203,343
Accrued pension obligations	-	4,816
Provision for future project abandonment (Note 6)	1,061	4,133
Due to general revenues	125,954	30,550
Funds held on behalf of others (Note 7)	4,285	2,647
	<u>554,233</u>	<u>380,212</u>
Net assets (Note 8)	<u>58,335</u>	<u>41,496</u>
	<u>\$612,568</u>	<u>\$421,708</u>
Net assets, Beginning of year (Note 8)	\$41,496	\$30,727
Refund of net assets to general revenue	-	(179)
Net income	<u>16,839</u>	<u>10,948</u>
Net assets, End of year	<u>\$ 58,335</u>	<u>\$ 41,496</u>

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

Ministry of Energy
Notes to the Consolidated Financial Statements
March 31, 1998

Note 1 Authority

The Ministry of Energy has been designated as responsible for various Acts by the *Government Organization Act* and its regulations. To fulfill these responsibilities, the Ministry administers the organizations listed below. The authority under which each organization operates is also listed. Together, these organizations form the Ministry of Energy.

Organization	Authority
Department of Energy	<i>Government Organization Act</i>
Alberta Energy and Utilities Board	<i>Alberta Energy and Utilities Board Act</i>
Alberta Oil Sands Technology and Research Authority	<i>Alberta Oil Sands Technology and Research Authority Act</i>
Alberta Petroleum Marketing Commission	<i>Petroleum Marketing Act and the Natural Gas Marketing Act</i>

Note 2 Purpose

The Energy Ministry maximizes the benefits to Albertans from Alberta's energy and mineral resources, and regulates energy development in a manner that protects individual, public, and industry interests with respect to the resources and the environment.

Note 3 Summary of Significant Accounting Policies and Reporting Practices

The accounts of the Ministry are consolidated revenue and expense transactions and investing and financing transactions of the department and Provincial agencies. Related assets and liability accounts between entities within the Ministry have been eliminated.

These financial statements are prepared in accordance with the following accounting policies.

(a) Reporting Entity

The reporting entity is the Ministry of Energy, which consists of the organizations identified in Note 1.

(b) Basis of Financial Reporting**Revenues**

All revenues are reported on the accrual method of accounting.

Net Contribution to General Revenues

Since revenues generated by the Department are more than the approved operating expenses budget, excess funding is returned to the General Revenues of the Province.

Expenses

Pension costs included in these statements comprise the cost of pension benefits earned by employees during the year and employer contributions for employees' past service.

Provision for future project abandonment is made when costs are reasonably determined.

Valuation Adjustments

Valuation adjustments include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value.

Ministry of Energy
Notes to the Consolidated Financial Statements
March 31, 1998

Note 3 Summary of Significant Accounting Policies and Reporting Practices (continued)

Assets

Inventory consists of conventional and synthetic oil in feeder and trunk pipelines. Inventories are stated at net realizable value.

Capital assets are recorded at cost and are amortized over their estimated useful lives.

Development costs for facilities and equipment are capitalized when the technical feasibility of technology is established and when estimated future revenues exceed estimated current and future expenditures.

Liabilities

Liabilities include all financial claims payable by the Ministry at fiscal year end, except for the Department's long-term disability benefits and certain pension benefits, which are reflected in the financial statements of Treasury Department on behalf of all departments.

(c) Change in Accounting Policy

Effective April 1, 1996, rental and fees revenue and freehold mineral rights tax that were previously reported on a cash basis are now reported on an accrual basis. Net operating results from continuing operations increased by \$3,944,000 (1997 - no change), accounts receivable increased by \$19,738,000 (1997 - \$26,300,000), unearned revenue increased by \$59,494,000 (1997 - \$70,000,000) and Due to General Revenues decreased by \$39,756,000 (1997 - \$43,700,000) as a result of the change.

Effective April 1, 1996, valuation adjustments that were previously reported in the financial statements of Treasury on behalf of the Department are reported by the Department in the Statement of Revenues and Expenses. Net operating results from Continuing operations increased and net contributions from General Revenues decreased by \$13,409,000 (1997 - net operating results decreased and net contributions from General Revenues increased by \$292,000) as a result of the change.

Effective April 1, 1996, the Department reported liabilities associated with vacation entitlements. These liabilities were previously reported in the financial statements of Treasury. Accounts payable and accrued liabilities has increased and Due to General Revenues has decreased by \$2,672,000 (1997 - \$2,589,000) as a result of this change.

Effective April 1, 1997, cash held in bank accounts controlled by the Department that had been previously reported in the financial statements of Treasury on behalf of the Department are reported by the Department in the Statement of Assets and Liabilities. Cash and marketable securities increased by \$171,297,000 (1997 - \$18,000) as a result of the change.

Note 4 Cash and Short-term Investments

Cash and short-term investments consist of deposits in the Consolidated Cash Investment Trust Fund (the "Fund") of the Province of Alberta. The Fund is being managed by Treasury with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high quality short-term and mid-term fixed income securities with a maximum term to maturity of five years. Due to the short-term nature of the Fund's investments the carrying value approximates fair value.

Funds held on behalf of others are invested in chartered bank deposits, and all investment earnings are accrued to the benefit of the depositor.

Ministry of Energy
Notes to the Consolidated Financial Statements
March 31, 1998

Note 5 Capital Assets

	Estimated Useful Life	1998		1997	
		Cost	Accumulated Amortization & Write downs	Net Book Value	Net Book Value
(in thousands)					
Equipment	10 years	\$ 5,844	\$ 4,366	\$ 1,478	\$ 3,376
Computer hardware and software	4-5 years	54,945	30,164	24,781	26,220
Leasehold improvement	Term of lease	659	167	492	505
Underground test facility	5 years	-	-	-	5,400
Land	-	320	-	320	320
		<u>\$61,768</u>	<u>\$34,697</u>	<u>\$27,071</u>	<u>\$35,821</u>

Note 6 Provision for Future Project Abandonments

Under joint participating agreements, the Ministry will incur costs when projects are abandoned. Estimated Ministry share of costs:

	1998	1997
(in thousands)		
Underground test facility	\$ -	\$ 3,000
Other projects	1,061	1,133
Total	<u>\$ 1,061</u>	<u>\$ 4,133</u>

Note 7 Funds Held on Behalf of Others

Deposits are collected by the Alberta Energy and Utilities Board to ensure the proper abandonment of oil and gas wells. The deposits plus annual interest are returned to the registered owner upon compliance.

Note 8 Net Assets

	1998	1997
(in thousands)		
Alberta Oil Sands Technology and Research Authority	\$ 24,412	\$ 21,777
Alberta Petroleum Marketing Fund	11,200	-
Alberta Energy and Utilities Board	22,723	19,719
Total	<u>\$ 58,335</u>	<u>\$ 41,496</u>

Note 9 Trust Funds under Administration

The Ministry administers trust funds which are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds, and administers them for the purpose of various trust, they are not included in the Ministry's financial statements.

As at March 31, trust funds under administration were as follows:

	1998	1997
(in thousands)		
Mines and Minerals Act Securities Trust	\$3,885	\$3,616
Oil and Gas Conservation Trust	14	3
Total	<u>\$3,899</u>	<u>\$3,619</u>

Ministry of Energy
Notes to the Consolidated Financial Statements
March 31, 1998

Note 10 Discontinued Operations

Until September 30, 1997 the Alberta Oil Sands Technology and Research Authority (Authority) owned the technology and assets of the Underground Test Facility (UTF). The UTF is an experimental bitumen production facility to test Steam Assisted Gravity Drainage Technology. The bitumen produced from the UTF is sold on a competitive basis. At September 30, 1997 the net book value of the assets amounted to \$7,040,510 and a provision for future UTF abandonment costs amounted to \$3,000,000.

Phase B-2 of the UTF required industry participants to make contributions to the Authority totaling the lesser of \$10,500,000 or 75% of the net expenses for Phase B-2. In exchange the industry participants would receive the rights to the technology developed and 75% of the assets of the UTF. On September 30, 1997 the Authority transferred to the participants the rights to the technology and 75% of the assets of the UTF.

On September 30, 1997 the Authority sold the remaining 25% interest of the UTF for \$4,100,000 and was released from the future UTF abandonment costs estimated to be \$3,000,000. On October 1, 1997 the Authority no longer held any assets or liabilities related to the UTF.

The gain on disposal of the UTF is calculated as follows:

Proceeds on disposal of the UTF	\$ 4,100,000
Release from future UTF abandonment	3,000,000
	<u>7,100,000</u>
Net book value of assets sold	<u>(7,040,510)</u>
Gain on disposal of UTF	<u>\$ 59,490</u>

The revenue and expenses relating to these operations are as follows:

	1998	1997
Sale of bitumen	\$ 3,119,028	\$12,643,022
Contributions from project participants	-	3,501,000
Operating expenses	(4,739,595)	(8,952,801)
Amortization	(1,500,727)	(1,914,558)
Write down of UTF	-	(7,783,709)
Net operating results	<u>(3,121,294)</u>	<u>(2,507,046)</u>
Gain on disposal of UTF	59,490	-
Deficiency of revenue over expenses	<u>\$ (3,061,804)</u>	<u>\$ (2,507,046)</u>

The impact on the Statement of Change in Financial Position is as follows:

	1998	1997
Operating activities:		
Deficiency of revenue over expenses	\$ (3,061,804)	\$ (2,507,046)
Non-cash items included in net operating results		
Amortization	1,500,727	1,914,558
Gain on disposal of UTF	(59,490)	-
Write down of UTF	-	7,783,709
Increase in provision for future Abandonment	-	1,000,000
Cash (used) provided by operating activities of discontinued operations	<u>(1,620,567)</u>	<u>8,191,221</u>
Financing activities:		
Decrease (increase) in operating advance	2,742,802	(1,219,965)
Cash provided (used) by financing activities of discontinued operations	<u>2,742,802</u>	<u>(1,219,965)</u>
Investing activities:		
Purchase of capital assets	(3,141,237)	(6,610,735)
Proceeds on disposal of UTF	4,100,000	-
Cash provided (used) by investing activities of discontinued operations	<u>958,763</u>	<u>(6,610,735)</u>
Cash provided by discontinued operations	<u>\$ 2,080,998</u>	<u>\$ 360,521</u>

Ministry of Energy
Notes to the Consolidated Financial Statements
March 31, 1998

Note 11 Commitments

Commitments to outside organizations in respect of contracts entered into before March 31, 1998 amount to \$19,716,000 (1997 - \$17,457,000). These commitments will become expenses of the Ministry when terms of the contracts are met. Payments in respect of these contracts and agreements are subject to the voting of supply by the Legislature. These amounts include obligations under long-term leases with lease payment requirements in future years of:

(in thousands)	
1998/99	\$9,808
1999/2000	5,079
2000/01	3,559
2001/02	726
2002/03	544
	\$19,716

Royalty Paid Natural Gas

The Province is committed to reduce future royalties on reproduction of royalty paid natural gas and by-products injected into underground reservoirs prior to January 1, 1994. At March 31, 1998, the commitment was estimated at \$121 million (1997 - \$180 million). Under the Natural Gas Royalty Regulation, the commitment must be discharged by December 31, 1999.

Alberta Oil Sands Technology and Research Authority

Alberta Oil Sands Technology and Research Authority has outstanding commitments for approved projects as at March 31, 1998 totaling \$5,486,000 (1997 - \$10,920,000).

Alberta Petroleum Marketing Commission

The Alberta Petroleum Marketing Commission has allocated a portion of its anticipated pipeline requirements to firm transportation agreements of up to fifteen years. These agreements obligate the Commission to pay tariff charges for contracted volumes in accordance with contract rates if and when the pipelines become operational. The in-service date for these pipelines was scheduled for 1997. The aggregate estimated commitment of \$175,000,000 for the fifteen-year period will be paid from future oil royalty revenue. Costs for these pipeline services are expected to be within the range of normal transportation costs.

Note 12 Contingencies

Set out below are details of contingencies resulting from administrative appeals and litigation, other than those reported as liabilities.

(a) Natural Gas & By-Product Royalties Appeals

Industry has appealed assessments resulting from the Ministry's Compliance and Assurance audits. The appeals relate to cost and unit price issues in the processing of natural gas liquids. The potential cost is unknown. In the opinion of management, the likely results of these appeals cannot be determined at this time.

(b) Land Claims

The government has identified and set aside specific tracts of land to satisfy land claims by Indian Bands. The claims related to these lands are not yet resolved. In the interim, the Ministry has issued 23 petroleum and natural gas dispositions on these lands and collected bonus and rental payments on the areas under dispute. When these land claims will be resolved is unknown. In the opinion of management, any losses that may result from the eventual settlement of these land claims cannot be determined at this time.

The Ministry has issued two petroleum and natural gas licenses in an area, which is being reviewed for protection as a Special Place. Designation as a Special Place will result in the companies losing their right to develop possible petroleum and natural gas deposits. In the opinion of management, any losses, which may result from the designation of this area as a Special Place, cannot be determined at this time.

Ministry of Energy
Notes to the Consolidated Financial Statements
March 31, 1998

Note 13 Uncertainty Due to the Year 2000

The year 2000 issue is the result of some computer programs being written using two digits rather than four to define the applicable year. The Ministry of Energy computer programs that have date sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000, which could result in miscalculations or system failures. In addition, similar problems may arise in some systems if certain dates in 1999 are not recognized as a valid date or are recognized to represent something other than a date. The effects of the year 2000 issue may be experienced before, on, or after January 1, 2000. If not addressed, the effect on operations and financial reporting may range from minor errors to significant systems failure that could affect the ability to conduct some Ministry of Energy operations.

The Ministry of Energy is currently working to resolve the potential effect of the year 2000 on the processing of date sensitive information by the Ministry of Energy's computerized information systems in a timely manner. The costs of addressing potential problems by modifying, replacing or retiring significant portions of computerized information systems are not expected to have a material adverse effect on the Ministry of Energy's financial condition. Despite the Ministry of Energy's efforts to address this issue, it is not possible to be certain that all aspects of the year 2000 problem affecting the government, including those related to the efforts of customers, suppliers and other third parties, will be fully resolved.

Note 14 Measurement Uncertainty

Estimates are used in accruing revenues and expenses in circumstances where the actual accrued revenues and expenses are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable possible amount, as there is whenever estimates are used.

Measurement uncertainty that is material to these financial statements exists in the accrual of royalties derived from non-renewable resources. It is reasonably possible that changes could occur in the near term, which may affect the amount that should have been accrued for royalties. Near term is defined as a period of time not to exceed one year from the date of the financial statements.

Note 15 Related Party Transactions

The Ministry paid \$5,333,000 (1997 - \$4,612,000) to various other Government of Alberta departments, agencies or funds for supplies and/or services during the fiscal year. In addition, the Ministry paid Payment Systems Corporation (PSC), a joint venture partially owned by the Province of Alberta, \$113,000 (1997 - \$73,000) for computer processing. Accommodations, legal, telecommunications, personnel, and certain financial costs were provided to the Ministry by other government organizations at no cost.

The Ministry owned the Underground Test Facility (UTF) until September 30, 1997 and had entered into a contract with Gibson Petroleum Company Limited (Gibson) for the management of the UTF for the period from October 1, 1995 to September 30, 1997. Management fees were paid to Gibson in the amount of \$406,682 for 1997/98 (\$668,728 for 1996/97). In the normal course of business Gibson purchased the bitumen production from the UTF in the amount of \$3,119,028 for 1997/98 (\$10,251,607 for 1996/97).

The Ministry provided an operating advance to Gibson for the operation of the UTF. This operating advance was a non-interest bearing, unsecured loan given to the operator of the UTF in the amount of 25% of the estimated operating costs to be incurred during the contract. The outstanding operating advance of \$2,742,802 was repaid during 1997/98.

Note 16 Comparative Figures

Certain 1997 figures have been reclassified to conform to 1998 presentation.

Note 17 Approval of Financial Statements

These consolidated financial statements have been approved by the Deputy Minister and the Senior Financial Officer of the Department.

Schedule 1

Ministry of Energy
Consolidated Schedule of Revenue
As at March 31, 1998
(in thousands)

	1998		1997
	Budget	Actual	Actual
Non-renewable resource revenue:			
Natural gas and by-products	\$1,245,000	\$1,659,823	\$1,299,394
Bonuses and sale of Crown leases	500,000	1,071,207	926,586
Crude oil royalties	854,000	913,975	1,386,287
Synthetic crude oil and bitumen	244,000	192,364	512,242
Rentals and fees	123,000	147,898	131,540
Coal	20,000	18,434	17,969
Reduction to 5 year average	(360,000)	-	-
	<u>2,626,000</u>	<u>4,003,701</u>	<u>4,274,018</u>
Freehold mineral rights tax	<u>106,000</u>	<u>131,292</u>	<u>116,544</u>
Industry levies and licenses:			
Industry levies and assessments	29,879	29,083	28,426
Applications and licenses	10,500	16,554	14,403
Information services	3,100	3,507	3,475
	<u>43,479</u>	<u>49,144</u>	<u>46,304</u>
Other revenue:			
Miscellaneous	1,760	5,625	9,102
Interest	1,500	1,363	1,597
	<u>3,260</u>	<u>6,988</u>	<u>10,699</u>
Total gross revenues	<u>\$2,778,739</u>	<u>\$4,191,125</u>	<u>\$4,447,565</u>

Schedule 2

Ministry of Energy
Consolidated Schedule of Expenses Detailed by Object
For the year ended March 31, 1998
(in thousands)

	1998		1997
	Budget	Actual	Actual
Salaries, wages, and employee benefits	\$ 62,546	\$ 66,908	\$ 58,897
Supplies and services	37,288	35,779	35,754
Grants	14,665	9,769	12,086
Amortization of capital assets	7,968	7,666	10,869
Well abandonment	3,800	2,126	2,098
Financial transactions and other	45	38	46
Gross expenses for continuing operations	<u>126,312</u>	<u>122,286</u>	<u>119,750</u>
Less expenses for discontinued operations	<u>(5,817)</u>	<u>(6,240)</u>	<u>(10,867)</u>
Total gross expenses	<u>120,495</u>	<u>116,046</u>	<u>108,883</u>
Less dedicated revenue	<u>-</u>	<u>-</u>	<u>(360)</u>
Total net expenses	<u>\$120,495</u>	<u>\$116,046</u>	<u>\$108,523</u>

Ministry of Energy
Consolidated Schedule of Intra-Ministry Transactions
For the year ended March 31, 1998
(in thousands)

	1998		1997
	Budget	Actual	Actual
Assets:			
Alberta Petroleum Marketing Commission		\$(38,151)	
Total net assets	\$ -	\$(38,151)	\$ -
Liabilities:			
Alberta Petroleum Marketing Commission		\$ 38,151	
Total net liabilities	\$ -	\$ 38,151	\$ -
Revenue:			
Alberta Energy and Utilities Board funding from the Department	\$(13,540)	\$(13,540)	\$(12,830)
Alberta Oil Sands Technology and Research Authority funding from the Department	(8,200)	(8,200)	(13,500)
Total net revenue	\$(21,740)	\$(21,740)	\$(26,330)
Expense:			
Grant funding to Alberta Energy and Utilities Board	\$(13,540)	\$(13,540)	\$(12,830)
Grant funding to Alberta Oil Sands Technology and Research Authority	(8,200)	(8,200)	(13,500)
Total net expense	\$(21,740)	\$(21,740)	\$(26,330)

Financial Statements

for the Department of Energy

Financial Statements for the Department of Energy

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AUDITOR'S REPORT

To the Minister of Energy

I have audited the statement of assets and liabilities of the Department of Energy as at March 31, 1998 and the statements of revenue and expense and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Department. My responsibility is to express an opinion on these financial statements based on my audit.

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

The Department of Energy is required to follow the corporate government accounting policies and reporting practices as disclosed in Note 3. These accounting policies have been established by Alberta Treasury and are consistent across departments. With certain exceptions, the basis of accounting is in accordance with generally accepted accounting principles. My reservation of opinion in this auditor's report identifies the exceptions from generally accepted accounting principles that arise from following the accounting policies established by Alberta Treasury.

The following accounting policies are exceptions from generally accepted accounting principles:

Pension obligations

Obligations to pension plans for current and former employees of the Department have not been recognized as a liability in the accompanying statement of assets and liabilities and consequently the annual change in the liability has not been recognized in the statement of revenue and expense. In my view, on a basis of allocation similar to that used for Provincial agencies, an amount of approximately \$2,940,000 due to pension plans at March 31, 1998, in the Department's capacity as employer, and which is reflected in the financial statements of the Department of Treasury, should be recognized as a liability in these financial statements. The effect of not recognizing the annual change in the liability is to overstate the Department's expenses for the year ended March 31, 1998 by \$1,781,000.

Long-term disability benefits

Unfunded accrued long-term disability benefits have not been recognized as a liability in the accompanying statement of assets and liabilities and related expenses have not been recognized in the statement of revenue and expense. During the year ended March 31, 1998, the liability for the benefits for all departments, which was recorded in the financial statements of the Department of Treasury, was fully funded. However, unfunded benefits for all departments that were recorded in the financial statements of the two Long-term Disability Benefit Funds have not been allocated. In my view, the Department's liabilities at March 31, 1998 are understated by approximately \$127,240 and expenses for the year ended March 31, 1998 are understated by approximately \$391,671.

Capitalization of Assets

Capital assets costing less than \$15,000 are expensed in the year acquired and have not been recognized as an asset in the accompanying statement of assets and liabilities. In my view, an amount of approximately \$1,447,000, representing the net book value of these assets as at March 31, 1998, should be recognized in these financial statements. The net effect of this understatement of assets is to overstate expenses for the year ended March 31, 1998 by approximately \$1,447,000.

Excluded direct costs

Accommodation and certain other administration costs incurred in the operation of the Department have not been included in expenses. These costs, estimated at \$2,957,000, are recorded by the departments that paid the expenses on behalf of the Department of Energy.

In my opinion, except for the effects of the matters discussed in the preceding sections, these financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.



FCA
Auditor General

Edmonton, Alberta
May 22, 1998

Department of Energy
Statement of Revenue and Expense
For the year ended March 31, 1998

(in thousands)

	1998		1997
	Budget (Schedule 3)	Actual	Actual
Revenue: (Schedules 1 and 2)			
Non-renewable resource revenue	\$2,626,000	\$3,992,501	\$4,274,018
Freehold mineral taxes	106,000	131,292	116,544
Other revenue	460	1,865	5,699
	2,732,460	4,125,658	4,396,261
Expense:			
Voted (Schedules 2, 4, and 7)			
Department support services	18,587	22,865	20,808
Mineral operations	21,072	17,517	16,121
Energy policy	5,147	5,846	4,529
Research and external relations	12,675	10,712	16,746
Energy and utilities regulation	13,540	13,540	12,830
	71,021	70,480	71,034
Valuation adjustments:			
Provisions for doubtful accounts	35	(14,026)	100
Provisions for vacation pay	-	617	(392)
	35	(13,409)	(292)
Write down of capital assets	-	-	7,081
	71,056	57,071	77,823
Net operating results	2,661,404	4,068,587	4,318,438
Net contribution to general revenues (Note 7)	(2,661,404)	(4,068,587)	(4,318,438)
Net income	\$ -	\$ -	\$ -

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

Department of Energy
Statement of Changes in Financial Position
For the year ended March 31, 1998

(in thousands)

	1998	1997
Operating transactions:		
Net operating results	\$4,068,587	\$4,318,438
Non-cash items included in net operating results		
Amortization	4,778	5,381
Write down of capital assets	-	7,081
Provisions for doubtful accounts	(14,026)	100
Provisions for vacation pay	617	(392)
	<u>4,059,956</u>	<u>4,330,608</u>
Decrease in accounts receivable	68,728	72,780
Decrease (increase) in inventories held for resale	(6,258)	139,358
Increase (decrease) in accounts payable and accrued liabilities	(14,894)	22,714
Increase in unearned revenue	2,965	70,000
Net cash provided by operating transaction	<u>4,110,497</u>	<u>4,635,460</u>
Net contribution to general revenues	<u>(4,068,587)</u>	<u>(4,318,438)</u>
Cash provided by operating transactions	<u>41,910</u>	<u>317,022</u>
Financing activity:		
Increase (decrease) in gas royalty deposits	<u>24,374</u>	<u>(9,748)</u>
Investing transactions:		
Purchase of capital assets (Schedule 5)	<u>(1,258)</u>	<u>(8,324)</u>
Cash used for investing transactions	<u>(1,258)</u>	<u>(8,324)</u>
Net cash provided	65,026	298,950
Due to General Revenues and Cash, Beginning of Year	<u>(19,669)</u>	<u>(318,619)</u>
Due to General Revenues and Cash, End of year	<u>\$ 45,357</u>	<u>\$ (19,669)</u>
Due to General Revenues and Cash represented by:		
Due to general revenues	\$ (125,951)	\$ (19,687)
Cash	171,308	18
	<u>\$ 45,357</u>	<u>\$ (19,669)</u>

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

Department of Energy
Statement of Assets and Liabilities
As at March 31, 1998
(in thousands)

	1998	1997
Assets:		
Cash and short-term investments (Note 4)	\$171,308	\$ 18
Accounts receivable (Note 5)	221,681	276,383
Inventories held for resale	54,800	48,542
Capital assets (Note 6)	23,286	26,806
	<u>\$471,075</u>	<u>\$351,749</u>
Liabilities:		
Accounts payable and accrued liabilities	\$ 44,442	\$ 58,719
Gas royalty deposits	227,717	203,343
Unearned revenue	72,965	70,000
Due to general revenues	125,951	19,687
	<u>\$471,075</u>	<u>\$351,749</u>

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

Department of Energy
Notes to the Financial Statements
March 31, 1998

Note 1 Authority

The Department of Energy operates under the authority of the *Government Organization Act*, Statutes of Alberta.

Note 2 Purpose

The Department's Mission is to optimize the sustained contribution from Alberta's resources in the interests of Albertans.

Note 3 Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments. The recommendations of the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting and Auditing Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Department of Energy, which is part of the Ministry of Energy and for which the Minister of Energy is accountable. Other entities reporting to the Minister include the Alberta Petroleum Marketing Commission, the Alberta Energy and Utility Board and the Alberta Oil Sands Technology and Research Authority. The activities of these organizations are not included in these financial statements.

Since significant financial transactions of the Ministry are reported outside the departmental financial statements, the Ministry financial statements provide a more comprehensive accounting of the financial position and results of the Ministry's operations. The Ministry Annual Report provides a more complete picture of the responsibilities for which the Ministry is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Provincial Treasurer. All revenues collected by the departments are deposited into the Fund and all disbursements made by the departments are paid from the Fund.

(b) Basis of Financial Reporting**Expenses**

Expenses represent the costs of resources consumed during the year on the Department's operations. Expenses include amortization of capital assets. Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year and additional employer contributions for employees' service relating to prior years.

Certain expenses, primarily for office space, legal advice, and banking services incurred on behalf of the Department by other Ministries, are not reflected in the Statement of Revenue and Expense.

Valuation Adjustments

Valuation adjustments include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value.

Assets

Financial Assets of the Department are limited to financial claims, such as advances to the receivables from other organizations, employees and other individuals as well as inventories held for resale.

Inventory consists of conventional and synthetic oil in feeder and trunk pipelines. Inventory is stated at net realizable value.

Department of Energy
Notes to the Financial Statements
March 31, 1998

Capital assets of the Department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. Capital assets are restricted to those acquired for cash or exchanged for other assets. The threshold for capitalizing new systems development is \$100,000 and the threshold for all other capital assets is \$15,000. Assets acquired by right, such as mineral resources, are not included. In addition, donated assets are excluded.

Liabilities

Liabilities include all financial claims payable to the Department at fiscal year end, except long-term disability benefits and certain pension benefits, which are reflected in the financial statements of Treasury Department on behalf of all departments.

Due to General Revenues is the difference at fiscal year end between the value of assets held by the Department and its liabilities.

(c) **Changes in Accounting Policies**

Effective April 1, 1996, rental and fees revenue and freehold mineral rights tax that were previously reported on a cash basis are now reported on an accrual basis. Net operating results from continuing operations increased by \$3,944,000 (1997 - no change), accounts receivable increased by \$19,738,000 (1997 - \$26,300,000), unearned revenue increased by \$59,494,000 (1997 - \$70,000,000) and Due to General Revenues decreased by \$39,756,000 (1997 - \$43,700,000) as a result of the change.

Effective April 1, 1996, valuation adjustments that were previously reported in the financial statements of Treasury on behalf of the Department are reported by the Department in the Statement of Revenue and Expense. Net operating results from continuing operations increased and net contributions from General Revenues decreased by \$13,409,000 (1997 - net operating results decreased and net contributions from General Revenues increased by \$292,000) as a result of the change.

Effective April 1, 1996, the Department reported liabilities associated with vacation entitlements. These liabilities were previously reported in the financial statements of Treasury. Accounts payable and accrued liabilities has increased and Due to General Revenues has decreased by \$2,672,000 (1997 - \$2,589,000) as a result of this change.

Effective April 1, 1997, cash held in bank accounts controlled by the Department that had been previously reported in the financial statements of Treasury on behalf of the Department is reported by the Department in the Statement of Assets and Liabilities. Cash and marketable securities increased by \$171,297,000 (1997 -\$18,000) as a result of the change.

Note 4 Cash and Short-term Investments

Cash and short-term investments consist of deposits in the Consolidated Cash Investment Trust Fund (the "Fund") of the Province of Alberta. The Fund is being managed by Treasury with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high quality short-term and mid-term fixed income securities with a maximum term to maturity of five years. Due to the short-term nature of CCITF investments the carrying value approximates fair value.

Note 5 Accounts Receivable

Accounts receivable are secured by a claim against the mineral leases.

Department of Energy
Notes to the Financial Statements
March 31, 1998

Note 6 Capital Assets

	Estimated Useful Life	1998			1997
		Cost	Accumulated Amortization	Net Book Value	Net Book Value
		(in thousands)			
Equipment	10 years	\$ 3,505	\$ 2,241	\$ 1,264	\$ 1,095
Computer hardware and software	5 years	42,321	20,299	22,022	25,711
		<u>\$45,826</u>	<u>\$22,540</u>	<u>\$23,286</u>	<u>\$26,806</u>

Note 7 Net Contribution to General Revenues

Since revenues generated by the Department are more than the approved operating expenses budget, excess funding is returned to the General Revenues of the Province. Net Contribution to General Revenues is equal to Net Operating Results from Operations.

Note 8 Commitments

As at March 31, 1998, the Department has commitments totaling \$6,527,000 (1997 - \$236,000). These commitments will become expenses of the Department when terms of the contracts are met. Payments in respect of these contracts and agreements are subject to the voting of supply by the Legislature. These amounts include obligations under long term leases with lease payment requirements in future years of:

(in thousands)

1998/99	\$5,106
1999/2000	558
2000/01	419
2001/02	312
2002/03	<u>132</u>
	<u>\$6,527</u>

Royalty Paid Natural Gas

The Province is committed to reduce royalties on reproduction of royalty paid natural gas and by-products injected into underground reservoirs prior to January 1, 1994. At March 31, 1998, the commitment was estimated at \$121 million (1997-\$180 million). Under the Natural Gas Royalty Regulation, the commitment has to be discharged by December 31, 1999.

Note 9 Contingencies

At March 31, 1998, the department has been named in administrative appeals and litigation.

Management considers the contingencies will not result in any material adverse effect on the department. Any losses arising from the settlement of contingencies will be treated as current year expenses.

(a) Natural Gas & By-Product Royalties Appeals

Industry has appealed assessments resulting from the Department's Compliance and Assurance audits. The appeals relate to cost and unit price issues in the processing of natural gas liquids. The potential cost is unknown. In the opinion of management, the likely results of these appeals cannot be determined at this time.

**Department of Energy
Notes to the Financial Statements
March 31, 1998**

(b) Land Claims

The government has identified and set aside specific tracts of land to satisfy land claims by Indian Bands. The claims related to these lands are not yet resolved. In the interim, the Department has issued 23 petroleum and natural gas dispositions on these lands and collected bonus and rental payments on the areas under dispute. When these land claims will be resolved is unknown. In the opinion of management, any losses that may result from the eventual settlement of these land claims cannot be determined at this time.

The Department has issued two petroleum and natural gas licenses in an area that is being reviewed for protection as a Special Place. Designation as a Special Place will result in the companies' losing their right to develop possible petroleum and natural gas deposits. In the opinion of management, any losses that may result from the designation of this area as a Special Place cannot be determined at this time.

Note 10 Related Party Transactions

The Department paid \$5,333,000 (1997 - \$4,612,000) to various other Government of Alberta departments, agencies or funds for supplies and/or services during the fiscal year. In addition, the Department paid Payment Systems Corporation (PSC), a joint venture with the Province of Alberta \$113,000 (1997 - \$73,000) for computer processing. Accommodations, legal, telecommunications, personnel, and certain financial costs with a value of \$2,957,000 were provided to the Department by other government organizations at no cost. At March 31, 1998, a receivable of \$32,100,000 (1997 - \$85,138,000) was due from the Alberta Petroleum Marketing Commission, which is part of the Ministry of Energy.

The Department and its employees paid certain taxes and fees set by regulation for permits, licenses, and other rights. These amounts were incurred in the normal course of business and reflect charges applicable to all users.

Note 11 Trust Funds under Administration

The Department administers trust funds which are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Department's financial statements.

As at March 31, 1998, trust funds under administration were as follows:

	1998	1997
	(in thousands)	
Mines and Minerals Act Securities Trust	\$3,885	\$3,616
Oil and Gas Conservation Trust	14	3
Total	\$3,899	\$3,619

Note 12 Measurement Uncertainty

Estimates are used in accruing revenues and expenses in circumstances where the actual accrued revenues and expenses are unknown at the time the financial statements are prepared. Uncertainty in determination of the amounts at which an item is recognized in financial statements is known as measure uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable possible amount, as there is wherever estimates are used.

Measurement uncertainty that is material to these financial statements exists in the accrual of royalties derived from non-renewable resources. It is reasonably possible that changes could occur in the near term that may affect the amount that should have been accrued for royalties. Near term is defined as a period of time not to exceed one year from the date of the financial statements.

Note 13 Comparative Figures

Certain 1997 figures have been reclassified to conform to the 1998 presentation.

Department of Energy
Notes to the Financial Statements
March 31, 1998

Note 14 Uncertainty Due to the Year 2000

The year 2000 issue is the result of some computer programs being written using two digits rather than four to define the applicable year. Department of Energy computer programs that have date sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000, which could result in miscalculations or system failures. In addition, similar problems may arise in some systems if certain dates in 1999 are not recognized as a valid date or are recognized to represent something other than a date. The effects of the year 2000 issue may be experienced before, on, or after January 1, 2000. If not addressed, the effect on operations and financial reporting may range from minor errors to significant systems failure that could affect the ability to conduct some Department of Energy operations.

The Department of Energy is currently working to resolve the potential effect of the year 2000 on the processing of date sensitive information by the Department of Energy's computerized information systems in a timely manner. The costs of addressing potential problems by modifying, replacing or retiring significant portions of computerized information systems are not expected to have a material adverse effect on the Department of Energy's financial condition. Despite the Department of Energy's efforts to address this issue, it is not possible to be certain that all aspects of the year 2000 problem affecting the Department of Energy, including those related to the efforts of customers, suppliers and other third parties, will be fully resolved.

Note 15 Approval of Financial Statements

The financial statements were approved by the Deputy Minister and the Senior Financial Officer of the Department.

Schedule 1

Department of Energy
Schedule of Revenue
For the year ended March 31, 1998
(in thousands)

	1998		1997
	Budget	Actual	Actual
Non-renewable resource revenue:			
Natural gas and by-products royalty	\$1,245,000	\$1,659,823	\$1,299,394
Bonuses and sales of Crown leases	500,000	1,071,207	926,586
Crude oil royalty	854,000	902,775	1,386,287
Synthetic crude oil and bitumen royalty	244,000	192,364	512,242
Rentals and fees	123,000	147,898	131,540
Coal royalty	20,000	18,434	17,969
Reduction to 5 year average	(360,000)	-	-
	<u>2,626,000</u>	<u>3,992,501</u>	<u>4,274,018</u>
Other taxes:			
Freehold mineral rights tax	106,000	131,292	116,544
Other revenue	460	1,865	5,699
Total revenues	<u>\$2,732,460</u>	<u>\$4,125,658</u>	<u>\$4,396,261</u>

Schedule 2

Department of Energy
Schedule of Dedicated Revenue Initiatives
For the year ended March 31, 1998
(in thousands)

	1998		1997
	Budget	Actual	Actual
Dedicated revenue	-	-	\$(360)
Expense	-	-	360
Net expense	-	-	\$ -

Net budgeting provides an alternative basis for authorizing spending. Each net budgeted initiative must be approved by Treasury Board. Net budgeted revenue is termed "dedicated revenue". For programs providing services where the level of expense and revenue is related to the program's volume of activity, the annual budget is based on the estimated net amount of expense for the program. If demand for the program grows and provides increased revenue, the Department has the flexibility to respond with no increase in net cost to the government. If demand for the program diminishes and revenues decline, the Department must reduce expenses accordingly.

Schedule 3

Department of Energy
Schedule of Budget
For the year ended March 31, 1998
(in thousands)

	Current Year Budget	Voted Supplementary	Authorized Budget
Revenues:			
Non-renewable resource revenue	\$2,626,000	\$ -	\$2,626,000
Other taxes	106,000	-	106,000
Other	460	-	460
	<u>2,732,460</u>	<u>-</u>	<u>2,732,460</u>
Expenses:			
Voted:			
Departmental support services	18,587	665	19,252
Mineral operations	21,072	-	21,072
Energy policy	5,147	-	5,147
Research and external relations	12,675	-	12,675
Energy and utilities regulation	13,540	-	13,540
	<u>71,021</u>	<u>665</u>	<u>71,686</u>
Valuation adjustments:	<u>35</u>	<u>-</u>	<u>35</u>
Net contribution to General Revenue	<u>\$2,661,404</u>	<u>\$(665)</u>	<u>\$2,660,739</u>

Government Estimates were approved on May 29, 1997 and Supplementary Estimates were approved on March 26, 1998.

Schedule 4

Department of Energy
Schedule of Expense Detailed by Object
For the year ended March 31, 1998
(in thousands)

	1998		1997
	Budget	Actual	Actual
Voted:			
Salaries, wages and employee benefits (Schedule 6)	\$26,071	\$26,338	\$22,759
Supplies and services	16,862	16,689	15,678
Grants	23,730	22,637	27,170
Financial transactions and other	45	38	46
Amortization of capital assets	4,313	4,778	5,381
Total voted expenses for continuing operations	<u>\$71,021</u>	<u>\$70,480</u>	<u>\$71,034</u>

Schedule 5

Department of Energy
Schedule of Purchase of Capital Assets
For the year ended March 31, 1998
(in thousands)

	1998		1997
	Authorized Budget	Actuals	Actuals
Departmental support services	\$ 544	\$ 619	\$ 1,181
Mineral operations	771	639	7,143
	<u>\$1,315</u>	<u>\$1,258</u>	<u>\$8,324</u>

**Department of Energy
Schedule of Salaries and Benefits Disclosure
For the year ended March 31, 1998**

	1998 (1)				1997	
	# of Individuals (9)	Salary (2)	Benefits & Allowances (3)	Total	# of Individuals	Total
Department of Energy						
Senior official						
Deputy Minister (4)	1.2	\$132,472	\$42,703	\$175,175	1	\$117,844
Executives-Assistant Deputy Ministers						
Mineral Operations	1	92,981	19,787	112,768	1	108,098
Corporate Services	0.8	77,198	39,220	116,418	1	104,622
Policy (5)	0.6	52,119	33,248	85,367	1	110,246
Research & External Relations (6)	0.2	13,987	2,727	16,714	1	105,014
Planning and Development (7)	0.5	48,650	10,427	59,077	-	-
Other Managers (average salary & benefits 1998 - \$82,088 1997 - \$77,797)	103	7,240,176	1,214,912	8,455,088	99	7,701,891
Other salaried staff (average salary & benefits 1998 - \$40,343 1997 - \$39,710)	404	14,160,331	2,138,215	16,298,546	408	16,201,846
Non-salaried staff (8)		1,674,430	113,583	1,788,013		1,410,514
Less:						
Salary recoveries (10)		(573,302)	(92,584)	(665,886)		(827,951)
Salaries capitalized (11)		(102,357)	-	(102,357)		(2,273,125)
Department Total		\$22,816,685	\$3,522,238	\$26,338,923		\$22,758,999

- (1) This schedule includes the Department of Energy, Alberta Oil Sands Technology Research Authority, and Alberta Petroleum Marketing Commission.
- (2) Salary includes regular base pay, overtime, vacation payout and any other direct cash remuneration.
- (3) Benefits and Allowances include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, WCB premiums, health care, dental coverage, group life insurance, short and long term disability plans, payments made in lieu of employer supplied automobile, professional memberships, and tuition fees.
- (4) The position was occupied by two individuals through the year. The previous Deputy Minister terminated on June/97, holiday payout of \$23,617. Automobile provided, no amount included in benefits and allowances figure.
- (5) The previous Assistant Deputy Minister terminated Oct./97, the holiday payout was \$25,453.
- (6) Research and External Relations merged with Policy as part of the restructuring. The Assistant Deputy Minister terminated in May/97.
- (7) Planning and Development is a newly created division combining Policy and Research and External Relations. The Assistant Deputy Minister commenced in Oct/97.
- (8) Includes all non-salaried staff paid on an hourly basis except STEP and ESP.
- (9) Number of individuals in the weighted average during the year.
- (10) The salary recoveries reflect the amount recovered from Environmental Protection, and the Alberta Oil Sands Technology Research Authority.
- (11) Salary and benefits were expended in the development of capital systems.

Department of Energy
Schedule of Comparison of Expense by Element to Authorized Budget
For the year ended March 31, 1998
(in thousands)

	Original Estimates	Voted Supplementary	Authorized Budget	Current Year Actuals	Unexpended (Over Expended)
Expenses:					
Voted					
Program 1 - Departmental Support Services					
1.0.1 Minister's Office	\$ 277		\$ 277	\$ 241	\$ 36
1.0.2 Deputy Minister's Office	422		422	316	106
1.0.3 Corporate Services	13,575	\$665	14,240	17,530	(3,290)
1.0.4 Amortization	4,313		4,313	4,778	(465)
	<u>18,587</u>	<u>665</u>	<u>19,252</u>	<u>22,865</u>	<u>(3,613)</u>
Program 2 - Mineral Operations					
2.0.1 Program Support	202		202	186	16
2.0.2 Tenure and Royalties	20,870		20,870	17,331	3,539
	<u>21,072</u>	<u>-</u>	<u>21,072</u>	<u>17,517</u>	<u>3,555</u>
Program 3 - Energy Policy					
3.0.1 Program Support	162		162	41	121
3.0.2 Policy Development and Analysis	4,985		4,985	5,805	(820)
	<u>5,147</u>	<u>-</u>	<u>5,147</u>	<u>5,846</u>	<u>(699)</u>
Program 4 - Research and External Relations					
4.0.1 Program Support	161		161	201	(40)
4.0.2 Research and Development	11,173		11,173	9,703	1,470
4.0.3 External Relations and Communications	1,341		1,341	808	533
	<u>12,675</u>	<u>-</u>	<u>12,675</u>	<u>10,712</u>	<u>1,963</u>
Program 5 - Energy and Utilities Regulation					
5.0.1 Alberta Energy and Utilities Board	13,540		13,540	13,540	
	<u>13,540</u>	<u>-</u>	<u>13,540</u>	<u>13,540</u>	<u>-</u>
Total Voted Expenses	<u>\$71,021</u>	<u>\$665</u>	<u>\$71,686</u>	<u>\$70,480</u>	<u>\$1,206</u>

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AUDITOR'S REPORT

To the Members of the Alberta Energy and Utilities Board

I have audited the balance sheet of the Alberta Energy and Utilities Board as at March 31, 1998 and the statements of revenue, expenditure and surplus, and changes in financial position for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.



FCA
Auditor General

Edmonton, Alberta
May 8, 1998

Alberta Energy and Utilities Board
Balance Sheet
As at March 31, 1998
(thousands of dollars)

	1998	1997
(Schedule 1)		
Assets:		
Current:		
Cash and investments (Note 3)	\$25,511	\$26,123
Accounts receivable	2,087	1,702
Prepaid expenses	419	464
	28,017	28,289
Deferred pension assets (Note 4)	3,110	-
Capital assets (Note 5)	3,785	3,615
	\$34,912	\$31,904
Liabilities and Surplus:		
Current:		
Accounts payable	\$ 4,651	\$ 1,433
Accrued vacation	3,253	3,289
	7,904	4,722
Funds held on behalf of others (Note 6)	4,285	2,647
Deferred pension obligations (Note 4)	-	4,816
	12,189	12,185
Surplus	22,723	19,719
	\$34,912	\$31,904

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

Alberta Energy and Utilities Board
Statement of Revenue, Expenditure and Surplus
for the year ended March 31, 1998

(thousands of dollars)

	1998		1997
	Actual	Budget	Actual
	----- (Schedule 2) -----		
Revenue:			
Industry levies and assessments	\$29,083	\$29,879	\$28,426
Applications and licences	16,554	10,500	14,403
Provincial contributions	13,540	13,440	12,830
Information and services	3,507	3,100	3,475
Interest	1,363	1,500	1,597
Enforcement	878	-	-
Miscellaneous	629	300	863
	65,554	58,719	61,594
Expenditure:			
Salaries and benefits (Note 7)	40,392	36,300	35,889
Building rental and maintenance	5,700	5,742	5,584
Contract services	2,708	1,300	2,360
Vehicle and equipment operating costs	2,345	2,000	2,197
Computer services	2,239	2,094	2,226
Well abandonment	2,126	3,800	2,098
Supplies	1,874	2,000	1,705
Minor capital acquisitions	1,871	730	2,099
Amortization (Note 5)	1,391	2,155	3,398
Travel and subsistence	1,245	1,293	1,025
Miscellaneous	659	500	597
	62,550	57,914	59,178
Excess of revenue over expenditure	3,004	805	2,416
Surplus at beginning of year	19,719	19,719	17,303
Surplus at end of year	\$22,723	\$20,524	\$19,719

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

Alberta Energy and Utilities Board
Statement of Changes in Financial Position
For the year ended March 31, 1998
(thousands of dollars)

	1998	1997
Operating Activities:		
Surplus for the year,	\$ 3,004	\$ 2,416
less non-cash transactions:		
Pension expense (Note 4)	2,258	889
Amortization (Note 5)	1,391	3,398
Gain (loss) on disposal of capital assets	-	(3)
	6,653	6,700
Changes in non-cash working capital	2,842	(246)
	9,495	6,454
Investing and Financing Activities:		
Change in funds held on behalf of others	1,638	1,512
Proceeds on disposal of capital assets	-	3
Investments in capital assets	(1,561)	(1,048)
Pension obligations funded	(10,184)	(1,766)
	(10,107)	(1,299)
Increase (decrease) in cash during year	(612)	5,155
Cash at beginning of year	26,123	20,968
Cash at end of year	\$25,511	\$26,123

**Alberta Energy and Utilities Board
Notes to the Financial Statements
March 31, 1998**

Note 1 Authority and Purpose

The Alberta Energy and Utilities Board (the "Board") operates under the authority of the *Alberta Energy and Utilities Board Act* with the mandate to ensure that development of Alberta's energy resources takes place in a responsible manner in the public interest, and that Albertans receive safe and efficient utility service at rates that are fair and reasonable.

Note 2 Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles, and include the following significant policies:

(a) Fund Accounting

The accounts of the Board are maintained in accordance with the principles of fund accounting in order to recognize the intended purpose of available resources. These funds are classified as follows:

Energy Resources Fund

This fund accounts for the Board's operating activities in relation to regulating the resource and utility industries.

Well Abandonment Fund

This fund accounts for the oil and gas industry funded initiative to ensure the safe and orderly abandonment of wells which have no registered owner.

(b) Capital Assets

All land; developed or purchased computer software with an original value greater than \$100,000 and an economic life greater than one year; and any other asset with an original value greater than \$15,000 and an economic life greater than one year are capitalized. The original value reflects the original cost for purchased assets, and fair value for donated assets.

Amortization is calculated using the straight-line method over the following estimated useful lives:

Computer software	5 years
Computer hardware	5 years
Furniture and equipment	10 years
Leasehold improvements	Lease term

The useful lives have been estimated by management and will inevitably differ from actual, perhaps significantly, resulting in amortization expense not matching consumption over the asset's life.

(c) Accrued Vacation

Vacation entitlement is expensed in the year earned. A liability is accrued representing any future obligation which will be taken in kind, or paid out upon termination.

Note 3 Cash and Investments

Cash consists of deposits in the Consolidated Cash Investment Trust Fund of the Province of Alberta. The Fund is invested primarily in securities maturing in less than one year which are either issued or guaranteed by the Canadian federal and provincial governments, deposits given by or guaranteed by chartered banks, or short-term investment-grade-quality notes of Canadian corporations. Interest is earned on the daily cash balance at the average rate of earnings in the Fund which varies depending on prevailing market interest rates.

Funds held on behalf of others are invested in chartered bank deposits, and all investment earnings are accrued to the benefit of the depositor.

**Alberta Energy and Utilities Board
Notes to the Financial Statements
March 31, 1998**

Note 4 Deferred Pension Assets and Obligations

The Board participates with other public sector employers in the Public Service Pension Plan and the Management Employees Pension Plan. To compensate senior staff who do not participate in the Management Employees Pension Plan the Board maintains a defined benefit Senior Employees Pension Plan and non-contributory supplementary benefits plans. The supplementary benefit plans provide additional compensation to the extent that statutory guidelines and plan amendments limit benefits under the Senior Employees Pension Plan. These plans provide pensions for the Board's employees based on years of service and average earnings at retirement.

The total unfunded pension obligation for each plan as at March 31, 1998 was an extrapolation of actuarial valuations as at December 31, 1995 for the Public Service Pension Plan, as at December 31, 1996 for the Management Employees Pension Plan, and as at December 31, 1997 for the Senior Employees Pension Plan and supplementary benefit plans. The 1997 comparative figures were extrapolations of actuarial valuations as at December 31, 1995 for the Public Service Pension Plan, as at December 31, 1994 for the Management Employees Pension Plan and as at March 17, 1997 for the Senior Employees Pension Plan and supplemental benefit plans.

The actuarial valuations were determined using the projected benefit method prorated on service. Assumptions used in the valuations are based on best estimates of future events. Each Plan's future experience will inevitably vary, perhaps significantly, from the assumptions. Any difference between the actuarial assumptions and future experience will emerge as gains or losses in future valuations.

The *Public Sector Pension Plans Act* specifies the basis to determine the amount of the total unfunded obligation for the Public Service Pension Plan and the Management Employees Pension Plan which will be funded by employers. The Board's portion of those employers' obligations was based on the Board's percentage of the total pensionable payroll of all employers.

Assumptions used in computing the projected benefit obligation for the Senior Employees Pension Plan and the supplementary benefit plans include:

Investment return	7.5% per annum
Inflation	3.5% per annum
Salary increase rate	75% of inflation, plus merit and promotion
Cost of living increase	60% of inflation

The funded status of the Board's plans and amounts recognized in the Balance Sheet are as follows:

	1998	1997
	(thousands of dollars)	
Senior Employees Pension Plan	\$ 9,391	\$ 8,063
Supplementary benefit plans	1,733	1,744
Total	11,124	9,807
Pension fund assets at market value	8,772	-
Obligation in excess of pension fund assets	2,352	9,807
Net Public Service Pension Plan obligation	1,225	1,809
Net Management Employees Pension Plan obligation	344	672
Total net obligations	3,921	12,288
Deduct unamortized plan amendment costs and other	7,031	7,472
Deferred pension asset (obligation)	\$ 3,110	\$ (4,816)

Pension expense of \$2,258,100 (1997 - \$889,100) is included in the Statement of Revenue, Expenditure and Surplus within salaries and benefits. Pension expense includes the cost of current service, interest on unfunded liabilities, plus gains or losses resulting from experience adjustments, changes in assumptions, and past service. The gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee group unless there is reasonable assurance regarding measurement and realization in which case they are recognized immediately.

**Alberta Energy and Utilities Board
Notes to the Financial Statements
March 31, 1998**

Note 5 Capital Assets

	1998			1997
	Cost	Accumulated Amortization	Net Asset Value	Net Asset Value
	(thousands of dollars)			
Computer software	\$10,240	\$8,874	\$1,366	\$1,272
Furniture and equipment	2,339	2,125	214	251
Computer hardware	1,536	991	545	436
Software under development	848	-	848	831
Leasehold Improvements	659	167	492	505
Land	320	-	320	320
	<u>\$15,942</u>	<u>\$ 12,157</u>	<u>\$3,785</u>	<u>\$3,615</u>

Prior year amortization expense includes the write-off of a software under development project with a prior cumulative value of \$2,438,000. The project was deemed to provide no future benefit based upon technological and conceptual design changes.

Note 6 Funds Held on Behalf of Others

The Board collects cash deposits to ensure the proper abandonment of oil and gas wells. The deposits plus earned interest are returned to the registered owner upon compliance.

Note 7 Salaries and Benefits

	1998				1997	
	Full-time Equivalents	Salary (a)	Benefits and Allowances (b)	Total	Full-time Equivalents	Total
Chair	1.00	\$119,416	\$ 28,758	\$148,174	1.00	\$133,831
Board Member 1 (c)	1.00	103,412	28,748	132,160	1.00	118,301
Board Member 2	1.00	103,378	23,650	127,028	1.00	118,696
Board Member 3	1.00	89,652	25,637	115,289	1.00	109,999
Board Member 4 (c)	1.00	87,165	27,658	114,823	1.00	92,406
Board Member 5	1.00	86,231	18,718	104,949	1.00	91,688
Board Member 6	1.00	97,255	4,761	102,016	1.00	100,109
Board Member 7 (d)	0.69	57,014	25,545	82,559	1.00	95,590
Board Member 8 (c) (d)	0.19	15,586	8,969	24,555	1.00	102,713
Managers	45.13	3,930,003	871,522	4,801,525	45.03	4,315,644
average salary and benefits: (1997 \$106,393 1996 \$95,839)						
Other salaried staff	617.77	28,862,627	5,576,391	34,439,018	616.33	30,663,584
average salary and benefits: (1997 \$55,747 1996 \$49,752)						
Non-salaried staff		210,819	13,293	224,112		268,724
Other costs (e)			386,208	386,208		(305,058)
	<u>670.78</u>	<u>\$33,762,558</u>	<u>\$7,039,858</u>	40,802,416	<u>670.36</u>	<u>35,906,227</u>
Severance and termination				155,526		255,621
Capitalization of salaries and benefits related to computer software development				(565,706)		(273,205)
				<u>\$40,392,236</u>		<u>\$35,888,643</u>

(a) Salary includes regular base pay, overtime, lump sum payments, honorariums and other direct cash remuneration.

(b) Benefits and allowances include the Board's share of all employee benefits and contributions or payments made on behalf of employees including pension plan premiums, C.P.P., E.I., memberships, tuitions, personal computer purchase reimbursements, vacation paid, and flexible health benefits. Automobiles were provided to some Board members and field staff, but no amount is included in these figures.

**Alberta Energy and Utilities Board
Notes to the Financial Statements
March 31, 1998**

Note 7 Salaries and Benefits (continued)

- (c) Board members that have opted out of the Management Employees Pension Plan; benefit incremented in lieu of employer contributions.
- (d) Board members that have retired or terminated employment during the reporting period.
- (e) Includes Workers' Compensation Board premiums, and changes in accrued vacation and pension obligations.

Note 8 Lease Commitments

The Board leases office premises with lease terms ranging up to three years, and a research facility with a remaining lease term of eighty-nine years.

The future minimum operating lease payments for the five succeeding fiscal years are as follows:

(thousands of dollars)

1999	\$4,702
2000	\$4,521
2001	\$3,140
2002	\$ 414
2003	\$ 412

Note 9 Budget

The 1998 operating budget is presented for comparative purposes. The Energy Resources Fund budget was approved by the Board, and the Well Abandonment Fund budget was approved by the Fund's Advisory Committee and the Board.

Note 10 Comparative Figures

The 1997 figures have been reclassified where necessary to conform to 1998 presentation.

Note 11 Approval of Financial Statements

These financial statements were approved by the Chair and the Chief Operating Officer.

Schedule 1

Alberta Energy and Utilities Board
Schedule of Assets, Liabilities and Surplus by Fund
As at March 31, 1998
(thousands of dollars)

	Energy Resources		Well Abandonment		Total	
	1998	1997	1998	1997	1998	1997
Assets:						
Current:						
Cash and investments (Note 3)	\$17,398	\$20,754	\$ 8,113	\$ 5,369	\$25,511	\$26,123
Accounts receivable	2,087	1,618	-	84	2,087	1,702
Prepaid expenses	419	464	-	-	419	464
	<u>19,904</u>	<u>22,836</u>	<u>8,113</u>	<u>5,453</u>	<u>28,017</u>	<u>28,289</u>
Deferred pension assets (Note 4)	3,110	-	-	-	3,110	-
Capital assets (Note 5)	3,785	3,615	-	-	3,785	3,615
	<u>\$26,799</u>	<u>\$26,451</u>	<u>\$ 8,113</u>	<u>\$ 5,453</u>	<u>\$34,912</u>	<u>\$31,904</u>
Liabilities and Surplus:						
Current:						
Accounts payable	\$ 4,378	\$ 1,431	\$ 273	\$ 2	\$ 4,651	\$ 1,433
Accrued vacation	3,253	3,289	-	-	3,253	3,289
	<u>7,631</u>	<u>4,720</u>	<u>273</u>	<u>2</u>	<u>7,904</u>	<u>4,722</u>
Funds held on behalf of others (Note 6)	4,285	2,647	-	-	4,285	2,647
Deferred Pension obligations (Note 4)	-	4,816	-	-	-	4,816
	<u>11,916</u>	<u>12,183</u>	<u>273</u>	<u>2</u>	<u>12,189</u>	<u>12,185</u>
Surplus	14,883	14,268	7,840	5,451	22,723	19,719
	<u>\$26,799</u>	<u>\$26,451</u>	<u>\$ 8,113</u>	<u>\$ 5,453</u>	<u>\$34,912</u>	<u>\$31,904</u>

Alberta Energy and Utilities Board
Schedule of Revenue, Expenditure, and Surplus by Fund
For the year ended March 31, 1998
(thousands of dollars)

	Energy Resources			Well Abandonment			Total		
	1998		1997	1998		1997	1998		1997
	Actual	Budget	Actual	Actual	Budget	Actual	Actual	Budget	Actual
Revenue:									
Industry levies and assessments	\$27,039	\$26,879	\$25,834	\$2,044	\$3,000	\$2,592	\$29,083	\$29,879	\$28,426
Applications and licences	15,594	10,000	13,393	960	500	1,010	16,554	10,500	14,403
Provincial contributions	13,540	13,440	12,830	-	-	-	13,540	13,440	12,830
Information and services	3,507	3,100	3,475	-	-	-	3,507	3,100	3,475
Interest	1,105	1,200	1,371	258	300	226	1,363	1,500	1,597
Enforcement	878	-	-	-	-	-	878	-	-
Miscellaneous	601	300	609	28	-	254	629	300	863
	<u>62,264</u>	<u>54,919</u>	<u>57,512</u>	<u>3,290</u>	<u>3,800</u>	<u>4,082</u>	<u>65,554</u>	<u>58,719</u>	<u>61,594</u>
Expenditure:									
Salaries and benefits (Note 7)	40,392	36,300	35,889	-	-	-	40,392	36,300	35,889
Building rental and maintenance	5,700	5,742	5,584	-	-	-	5,700	5,742	5,584
Contract services	2,608	1,300	2,329	100	-	31	2,708	1,300	2,360
Vehicle and equipment operating costs	2,345	2,000	2,197	-	-	-	2,345	2,000	2,197
Computer services	2,239	2,094	2,226	-	-	-	2,239	2,094	2,226
Well abandonment	1,420	-	-	706	3,800	2,098	2,126	3,800	2,098
Supplies	1,874	2,000	1,705	-	-	-	1,874	2,000	1,705
Minor capital acquisitions	1,871	730	2,099	-	-	-	1,871	730	2,099
Amortization (Note 5)	1,391	2,155	3,398	-	-	-	1,391	2,155	3,398
Travel and subsistence	1,241	1,293	1,025	4	-	-	1,245	1,293	1,025
Miscellaneous	568	500	593	91	-	4	659	500	597
	<u>61,649</u>	<u>54,114</u>	<u>57,045</u>	<u>901</u>	<u>3,800</u>	<u>2,133</u>	<u>62,550</u>	<u>57,914</u>	<u>59,178</u>
Excess of revenue over expenditure	615	805	467	2,389	-	1,949	3,004	805	2,416
Surplus at beginning of year	14,268	14,268	13,801	5,451	5,451	3,502	19,719	19,719	17,303
Surplus at end of year	<u>\$14,883</u>	<u>\$15,073</u>	<u>\$14,268</u>	<u>\$7,840</u>	<u>\$5,451</u>	<u>\$5,451</u>	<u>\$22,723</u>	<u>\$20,524</u>	<u>\$19,719</u>

Financial Statements

for the Alberta Oil Sands
Technology and Research
Authority

Financial Statements for the Alberta Oil Sands Technology and Research Authority - Oil Sands Technology and Research Fund

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AUDITOR'S REPORT

To the Members of the Alberta Oil Sands Technology and Research Authority

I have audited the balance sheet of the Alberta Oil Sands Technology and Research Authority - Oil Sands Technology and Research Fund as at March 31, 1998 and the statements of revenue, expense, and fund balance, and changes in financial position for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

The Oil Sands Technology and Research Fund is required to follow the corporate government policies and reporting practices, as disclosed in Notes 3 and 5. These accounting policies have been established by Alberta Treasury and are consistent across government entities. With certain exceptions, the basis of accounting is in accordance with generally accepted accounting principles. My reservation of opinion in this auditor's report identifies an exception from generally accepted accounting principles that arises from following the accounting policies established by Alberta Treasury.

The following accounting policy is an exception from generally accepted accounting principles:

Excluded direct costs

Salaries, accommodation, and certain other administrative costs incurred in the operation of the Oil Sands Technology and Research Fund have not been included in expenses. The departments that paid these expenses on behalf of the Fund record these costs which approximate \$1,223,000 for the year.

In my opinion, except for the effects of the matter discussed in the preceding section, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.



FCA
Auditor General

Edmonton, Alberta
May 22, 1998

**Alberta Oil Sands Technology and Research Authority
Oil Sands Technology And Research Fund
Statement of Revenue, Expense, and Fund Balance
For the year ended March 31, 1998**

	1998		1997
	Budget	Actual	Actual
Revenue:			
Contributions from the Department of Energy	\$8,200,000	\$8,200,000	\$13,500,000
Production revenue and recoveries	500,000	1,085,739	2,531,510
Sale of technology	500,000	1,167,000	8,898
	9,200,000	10,452,739	16,040,408
Expense:			
Insitu oil sands and heavy oil	6,200,000	1,454,709	1,603,027
Oil sands mining and extraction	1,450,000	389,615	736,137
Conventional oil, enhanced oil recovery and natural gas	1,400,000	824,517	1,036,916
Transportation and marketing	100,000	76,537	16,199
Bitumen and heavy oil upgrading	1,200,000	520,851	375,420
Energy-related environmental technologies	950,000	27,732	7,289
University programs	1,900,000	959,757	562,500
Technology Management	-	499,905	663,082
	13,200,000	4,753,623	5,000,570
Excess (deficiency) of revenue over expense for the year from continuing operations	(4,000,000)	5,699,116	11,039,838
Excess (deficiency) of revenue over expense for the year from discontinued operations (Note 8)	2,183,000	(3,061,804)	(2,507,046)
Excess (deficiency) of revenue over expense for the year	\$(1,817,000)	2,637,312	8,532,792
Fund balance at beginning of year		21,778,147	13,245,355
Fund balance at end of year		\$24,415,459	\$21,778,147

The accompanying notes are part of these financial statements.

**Alberta Oil Sands Technology and Research Authority
Oil Sands Technology And Research Fund
Statement of Changes in Financial Position
For the year ended March 31, 1998**

	1998	1997
Operating transactions:		
Net operating results from continuing operations	\$5,699,116	\$11,039,838
Non-cash items included in net operating results		
Provision for future project abandonment	(72,000)	(272,000)
Decrease (increase) in accounts receivable	953,060	(428,212)
Increase (decrease) in accounts payable and accrued liabilities	345,994	(1,092,373)
	6,926,170	9,247,253
Discontinued operations (Note 8)	(1,620,567)	8,191,221
	5,305,603	17,438,474
Financing activity:		
Discontinued operations (Note 8)	2,742,802	(1,219,965)
Cash provided by (applied to) financing activity	2,742,802	(1,219,965)
Investing activity:		
Discontinued operations (Note 8)	958,763	(6,610,735)
Cash provided by (applied to) investing activity	958,763	(6,610,735)
Net Cash Provided	9,007,168	9,607,774
Cash, Beginning of year	17,630,368	8,022,594
Cash, End of Year	\$26,637,536	\$17,630,368

The accompanying notes are part of these financial statements.

Alberta Oil Sands Technology and Research Authority
Oil Sands Technology And Research Fund
Balance Sheet
As at March 31, 1998

	1998	1997
Assets:		
Current:		
Cash (Note 4)	\$26,637,536	\$17,630,368
Accounts receivable	466,948	1,420,008
	27,104,484	19,050,376
Operating advance	-	2,742,802
Capital Assets (Note 6)	-	5,400,000
	\$27,104,484	\$27,193,178
 Liabilities and Fund Balance:		
Current:		
Accounts payable	\$ 1,354,785	\$ 1,071,197
Holdbacks payable	273,240	210,834
	1,628,025	1,282,031
Accumulated provision for future project abandonment (Note 7)	1,061,000	4,133,000
	2,689,025	5,415,031
Fund balance	24,415,459	21,778,147
	\$27,104,484	\$27,193,178
Commitments (Note 9)		

The accompanying notes are part of these financial statements.

Alberta Oil Sands Technology and Research Authority
Oil Sands Technology And Research Fund
Notes to the Financial Statements
March 31, 1998

Note 1 Authority

The Alberta Oil Sands Technology and Research Authority (the Authority) operates under the authority of the *Oil Sands Technology and Research Authority Act* (the "Act"), Chapter 0-6, Revised Statutes of Alberta 1980.

Note 2 Purpose

The Act created a corporation, the Alberta Oil Sands Technology and Research Authority, which consists of not less than three and not more than nine members appointed by the Lieutenant Governor. The Authority assists in the development of new technology for recovery and processing of petroleum from Alberta oil sands deposits and heavy crude reserves, and enhanced recovery of oil from conventional petroleum reservoirs.

Note 3 Significant Accounting Policies and Reporting Practices

Capital Assets

Development costs for facilities and equipment are capitalized when the technical feasibility of technology is established and when estimated future revenues exceed estimated future expenditure.

Note 4 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF). The CCITF is managed by Alberta Treasury with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed income securities with a maximum term of five years. The carrying value approximates fair value due to the short-term nature of the CCITF investments. Interest earned on cash balances, in the amount of \$707,504 (1997 - \$322,647), is credited to general revenues of the Province of Alberta and is therefore not reflected in these statements.

Note 5 Related Party Transactions

The Authority owned the Underground Test Facility (UTF) until September 30, 1997 and had entered into a contract with Gibson Petroleum Company Limited (Gibson) for the management of the UTF for the period from October 1, 1995 to September 30, 1997. Management fees were paid to Gibson in the amount of \$406,682 for 1997/98 (\$668,728 for 1996/97). In the normal course of business Gibson purchased the bitumen production from the UTF in the amount of \$3,119,028 for 1997/98 (\$10,251,607 for 1996/97).

The operating advance was a non-interest bearing, unsecured loan given to Gibson as the operator of the UTF in the amount of 25% of the estimated operating costs to be incurred during the contract. The operating advance was repaid during 1997/98.

Expenses in the amount of \$1,222,795 (1996/97 - \$1,738,883) for salaries, accommodation and certain other administration costs incurred in the operation of the Authority have not been included in expenses. These costs are incurred and recorded by the Government of Alberta Departments of Energy and Public Works, Supplies and Services.

The Authority has an agreement with Alberta Research Council (the Council) to jointly manage and conduct research programs together with industry participants. During 1997/98 the Authority contributed \$1,040,000 (1996/97 - \$1,040,000) to the Council. This was the Authority's share of the expenses of the research programs. As part of this agreement the Authority would collect and remit to the Council the industry participants' share of the research programs expenses. In 1997/98 the Authority collected \$900,000 (1996/97 - \$900,000) on behalf of the Council. This amount is not recorded on the financial statements of the Authority.

**Alberta Oil Sands Technology and Research Authority
Oil Sands Technology And Research Fund
Notes to the Financial Statements
March 31, 1998**

Note 6 Capital Assets

The Capital Assets of the Authority consisted of technology and assets relating to the Underground Test Facility. These assets were sold on September 30, 1997.

	1998	1997
Net Assets, beginning of year	\$ 5,400,000	\$ 8,487,532
Additions	3,141,237	6,610,735
Amortization	(1,500,727)	(1,914,558)
	7,040,510	13,183,709
Net book value of assets sold	(7,040,510)	-
Write down of capital assets	-	7,783,709
Net assets, end of year	\$ 0	\$ 5,400,000

Note 7 Accumulated Provision for Future Project Abandonment

Under joint participation agreements, the Authority will incur certain costs when projects are abandoned. Management's estimate of future abandonment costs for the following projects is:

	1998	1997
Amoco GLISP	\$ 440,000	\$ 440,000
Norcen Bodo	20,000	20,000
Husky Kearle Lake Project	35,000	45,000
Others	6,000	8,000
Underground Test Facility	-	3,000,000
Unocal Buffalo Creek	60,000	120,000
UMATAC Project (ATP)	500,000	500,000
Total	\$1,061,000	\$4,133,000

Note 8 Discontinued Operations

Until September 30, 1997 the Authority owned the technology and assets of the UTF. The UTF is an experimental bitumen production facility to test Steam Assisted Gravity Drainage Technology. The bitumen produced from the UTF is sold on a competitive basis. At September 30, 1997 the net book value of the assets amounted to \$7,040,510 and a provision for future UTF abandonment costs amounted to \$3,000,000.

Phase B-2 of the UTF required industry participants to make contributions to the Authority totaling the lesser of \$10,500,000 or 75% of the net expenses for Phase B-2. In exchange the industry participants would receive the rights to the technology developed and 75% of the assets of the UTF. On September 30, 1997 the Authority transferred to the participants the rights to the technology and 75% of the assets of the UTF.

On September 30, 1997 the Authority sold the remaining 25% interest of the UTF for \$4,100,000 and was released from the future UTF abandonment costs estimated to be \$3,000,000.

On October 1, 1997 the Authority no longer held any assets or liabilities related to the UTF.

The gain on disposal of the UTF is calculated as follows:

Proceeds on disposal of the UTF	\$4,100,000
Release from future UTF abandonment	3,000,000
	7,100,000
Net book value of assets sold	(7,040,510)
Gain on disposal of UTF	\$ 59,490

**Alberta Oil Sands Technology and Research Authority
Oil Sands Technology And Research Fund
Notes to the Financial Statements
March 31, 1998**

Note 8 Discontinued Operations (continued)

The revenue and expenses relating to these operations are as follows:

	1998	1997
Sale of bitumen	\$3,119,028	\$12,643,022
Contributions from project participants	-	3,501,000
Operating expenses	(4,739,595)	(8,952,801)
Amortization	(1,500,727)	(1,914,558)
Write down of UTF	-	(7,783,709)
Net operating results	(3,121,294)	(2,507,046)
Gain on disposal of UTF	59,490	-
Deficiency of revenue over expenses	<u>(\$3,061,804)</u>	<u>\$(2,507,046)</u>

The impact on the Statement of Change in Financial Position is as follows:

	1998	1997
Operating transactions:		
Deficiency of revenue over expenses	\$ (3,061,804)	\$ (2,507,046)
Non-cash items included in net operating results		
Amortization	1,500,727	1,914,558
Gain on disposal of UTF	(59,490)	-
Write down of capital asset	-	7,783,709
Increase in provision for future Abandonment	-	1,000,000
Cash (used) provided by operating activities of discontinued operations	<u>(1,620,567)</u>	<u>8,191,221</u>
Financing activities:		
Decrease (increase) in operating advance	2,742,802	(1,219,965)
Cash provided (used) by financing activities of discontinued operations	<u>2,742,802</u>	<u>(1,219,965)</u>
Investing activities:		
Purchase of capital assets	(3,141,237)	(6,610,735)
Proceeds on disposal of UTF	4,100,000	-
Cash provided (used) by investing activities of discontinued operations	<u>958,763</u>	<u>(6,610,735)</u>
Cash provided by discontinued operations	<u>\$ 2,080,998</u>	<u>\$ 360,521</u>

Note 9 Commitments

The Authority has outstanding commitments as at March 31, 1998 totaling \$ 5,486,307 (1997 - \$10,920,490) for approved projects.

Alberta Oil Sands Technology and Research Authority
Oil Sands Technology And Research Fund
Notes to the Financial Statements
March 31, 1998

Note 10 Salaries and Benefits

Information on salaries and benefits of the Authority's staff required under Treasury Board Directive 01-94 is included with information on salary and benefits of the Department of Energy.

Note 11 Budget

The 1998 budget, approved by the Authority, is presented for comparison with the 1998 actual figures.

Note 12 Uncertainty Due to the Year 2000

The year 2000 issue is the result of some computer programs being written using two digits rather than four to define the applicable year. Government computer programs that have date sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000, which could result in miscalculations or system failures. In addition, similar problems may arise in some systems if certain dates in 1999 are not recognized as a valid date or are recognized to represent something other than a date. The effects of the year 2000 issue may be experienced before, on, or after January 1, 2000. If not addressed, the effect on operations and financial reporting may range from minor errors to significant systems failure that could affect the ability to conduct some government operations.

The government is currently working to resolve the potential effect of the year 2000 on the processing of date sensitive information by the government's computerized information systems in a timely manner. The costs of addressing potential problems by modifying, replacing or retiring significant portions of computerized information systems are not expected to have a material adverse effect on the Authority's financial condition. Despite the government's efforts to address this issue, it is not possible to be certain that all aspects of the year 2000 problem affecting the Authority, including those related to the efforts of customers, suppliers and other third parties, will be fully resolved.

Note 13 Comparative figures

Certain 1997 figures have been reclassified to conform to the 1998 presentation.

Note 14 Approval of Financial Statements

The members of the Authority approved these financial statements.

Financial Statements

for the Alberta Petroleum Marketing Commission

Financial Statements for the Alberta Petroleum Marketing Commission

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AUDITOR'S REPORT

To the Members of the Alberta Petroleum Marketing Commission

I have audited the balance sheet of the Alberta Petroleum Marketing Commission as at December 31, 1997 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 1997 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.



FCA
Auditor General

Edmonton, Alberta
April 24, 1998

(Schedule 1)

Alberta Petroleum Marketing Commission
Statement of Operations
For the year ended December 31, 1997
(in thousands)

	1997	1996
Crude oil revenue	\$1,529,174	\$2,244,098
Expenditures:		
Other crude oil purchases	298,554	804,102
Purchases under exchange agreements	70,160	54,570
Transportation	78,797	100,664
Marketing fees	2,631	4,327
	450,142	963,663
Excess of revenue over expenditures	1,079,032	1,280,435
Other revenue:		
Cost recoveries	24,040	48,230
Interest earned	1,298	1,118
Other	102	74
Contribution from Province of Alberta	-	2,660
Reduction of accrued pension liability	-	661
	25,440	52,743
Net revenue to transfer to the Province of Alberta	1,104,472	1,333,178
Due to the Province of Alberta, Beginning of year	238,705	236,634
Cash transferred to Province of Alberta	(1,187,777)	(1,331,107)
Due to the Province of Alberta, End of year	\$ 155,400	\$ 238,705

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

Alberta Petroleum Marketing Commission
Statement of Changes in Financial Position
For the Year Ended December 31, 1997
(in thousands)

	1997	1996
Cash provided by operating activities		
Net revenue to transfer to the Province of Alberta	\$1,104,472	\$1,333,178
Change in non-cash working capital		
Accounts receivable	26,720	79,552
Inventory	31,380	55,467
Accounts payable	24,279	(138,909)
	1,186,851	1,329,288
Cash provided	1,186,851	1,329,288
Cash transferred to the Province of Alberta	(1,187,777)	(1,331,107)
Net decrease in Cash	(926)	(1,819)
Cash, Beginning of year	10,865	12,684
Cash, End of year	\$ 9,939	\$ 10,865

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

Alberta Petroleum Marketing Commission
Balance Sheet
As at December 31, 1997
(in thousands)

	<u>1997</u>	<u>1996</u>
Assets:		
Cash and short-term investments (Note 4)	\$ 9,939	\$ 10,865
Accounts receivable (Note 5)	126,117	152,837
Inventory	<u>75,877</u>	<u>107,257</u>
	<u>\$211,933</u>	<u>\$270,959</u>
Liabilities:		
Accounts payable (Note 6)	\$ 56,533	\$ 32,254
Due to the Province of Alberta	<u>155,400</u>	<u>238,705</u>
	<u>\$211,933</u>	<u>\$270,959</u>

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

**Alberta Petroleum Marketing Commission
Notes to the Financial Statements
December 31, 1997**

Note 1 Authority

The Alberta Petroleum Marketing Commission (the Commission) operates under the authority of the *Petroleum Marketing Act*, Chapter P-5, Revised Statutes of Alberta 1980, as amended, and the *Natural Gas Marketing Act*, Chapter N-2.8, Statutes of Alberta 1986, as amended. This legislation designates the Commission as agent of the Province of Alberta to accept delivery of and market the Crown royalty share of crude oil.

Included in revenue and expenditures are sales and purchases in support of alternative markets programs designed to optimize the allocation of pipeline capacity in periods of market disruptions and apportionment.

Note 2 Significant Accounting Policies

(a) Crude Oil Revenue

Revenue is recognized when the Commission accepts delivery of crude oil.

(b) Inventory

Inventory represents conventional and synthetic oil in feeder and trunk pipelines. At the balance sheet date inventories are stated at net realizable value.

(c) Financial Instruments

Currency and price risks are inherent in the sale and purchase of crude oil. Sales proceeds are remitted to the Commission in Canadian funds and foreign currencies are converted to Canadian funds at daily or average monthly rates on or near payment due date. Operational oil price hedging may be used to address risk. The fair values of the Commission's assets and liabilities approximate their carrying values as at December 31, 1997.

Note 3 Restatement of 1996 Figures

The 1996 figures have been restated to reflect a change in the timing of revenue recognition. The effect of the change on previously reported 1996 figures is to decrease crude oil revenue and net revenue to transfer to the Province of Alberta by \$61,661,000. The effect of the change on 1997 figures is to increase crude oil revenue and net revenue to transfer to the Province of Alberta by \$2,885,000.

Note 4 Cash and Short-term Investments

Cash and short-term investments consist of deposits in the Consolidated Cash Investment Trust Fund (CCITF). The CCITF is managed by Alberta Treasury with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed income securities with a maximum term of five years. The carrying value approximates fair value due to the short-term nature of the CCITF investments.

Note 5 Accounts Receivable

	1997	1996
	(in thousands)	
Crude oil sales	\$120,248	\$141,825
Cost recoveries	5,869	11,012
	\$126,117	\$152,837

Note 6 Accounts Payable

	1997	1996
	(in thousands)	
Transportation and purchases	\$42,855	\$30,374
Goods and services tax	13,678	1,880
	\$56,533	\$32,254

Alberta Petroleum Marketing Commission
Notes to the Financial Statements
December 31, 1997

Note 7 Commitments

The Commission has allocated a portion of its anticipated pipeline requirements to firm transportation agreements of up to fifteen years. These agreements obligate the Commission to pay tariff charges for contracted volumes in accordance with contracted rates. The aggregate estimated commitment of \$175,000,000 for the 15 year period starting in 1997 will be paid from future oil royalty revenue. Costs for these pipeline services are expected to be within the range of normal transportation costs.

Note 8 Related Party Transactions

The Commission accepts delivery of and markets the Crown royalty share of crude oil. The Commission remits the proceeds from the sale of the Crown royalty share of crude oil to the Department of Energy.

Note 9 Comparative Figures

Certain 1996 figures have been reclassified to conform to the 1997 presentation.

Note 10 Uncertainty Due to the Year 2000

The year 2000 issue is the result of some computer programs being written using two digits rather than four to define the applicable year. Commission computer programs that have date sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000, which could result in miscalculations or system failures. In addition, similar problems may arise in some systems if certain dates in 1999 are not recognized as a valid date or are recognized to represent something other than a date. The effects of the year 2000 issue may be experienced before, on, or after January 1, 2000. If not addressed, the effect on operations and financial reporting may range from minor errors to significant systems failure that could affect the ability to conduct some Commission operations.

The Commission, in a timely manner, is currently working to resolve the potential effect of the year 2000 on the processing of date sensitive information by the Commission's computerized information systems. The costs of addressing potential problems by modifying, replacing or retiring significant portions of computerized information systems are not expected to have a material adverse effect on the Commission's financial condition. Despite the Commission's efforts to address this issue, it is not possible to be certain that all aspects of the year 2000 problem affecting the Commission, including those related to the efforts of customers, suppliers and other third parties, will be fully resolved.

Note 11 Approval of Financial Statements

The Commission has approved these financial statements.

Alberta Petroleum Marketing Commission
Schedule of Operations by Program
For the Year Ended December 31, 1997
(in thousands)

	1997			1996
	Crown Royalty Program	Alternative Markets Program	Total	
Crude oil revenue:	\$1,283,096	\$246,078	\$1,529,174	\$2,244,098
Expenditures:				
Other crude oil purchases	36,621	261,933	298,554	804,102
Purchases under exchange agreements	70,160	-	70,160	54,570
Transportation	68,067	10,730	78,797	100,664
Marketing fees	2,360	271	2,631	4,327
	177,208	272,934	450,142	963,663
Excess of revenue over expenditures	1,105,888	(26,856)	1,079,032	1,280,435
Other revenue:				
Cost recoveries	-	24,040	24,040	48,230
Interest earned	1,298	-	1,298	1,118
Other	102	-	102	74
Contributions from the Province of Alberta	-	-	-	2,660
Reduction of accrued pension liability	-	-	-	661
	1,400	24,040	25,440	52,743
Net revenue to transfer to the Province of Alberta	\$1,107,288	\$ (2,816)	\$1,104,472	\$1,333,178

Other Information

Department of Energy Schedule of Write-offs For the year ended March 31, 1998

Department Accounts Receivable	<u>\$ 577</u>
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This statement has been prepared pursuant to Section 28 of the *Financial Administration Act*. The Department of Energy did not issue any remissions or compromises of debt during the year.

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Alphabetical list of entities' financial information in ministry annual reports

Entities included in the consolidated government reporting entity

Ministry, Department, Fund or Agency	Ministry Annual Report
Agriculture Financial Services Corporation	Agriculture, Food and Rural Development
Agriculture, Food and Rural Development Revolving Fund	Agriculture, Food and Rural Development
Alberta Agricultural Research Institute	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Community Development
Alberta Dairy Control Board	Agriculture, Food and Rural Development
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Economic Development
Alberta Heritage Foundation for Medical Research Endowment Fund	Treasury
Treasury	Alberta Heritage Savings Trust Fund
Alberta Heritage Scholarship Fund	Treasury
Alberta Insurance Council	Treasury
Alberta Intermodal Services Ltd.	Treasury
Alberta Motion Picture Development Corporation	Economic Development
Alberta Municipal Financing Corporation	Treasury
Alberta Oil Sands Technology and Research Authority	Energy
Alberta Opportunity Company	Economic Development
Alberta Pensions Administration Corporation	Treasury
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council	Science, Research and Information Technology
Alberta Risk Management Fund	Treasury
Alberta School Foundation Fund	Education
Alberta Science and Research Authority	Science, Research and Information Technology
Alberta Securities Commission	Treasury

Alberta Social Housing Corporation	Municipal Affairs
Alberta Special Waste Management Corporation	Environmental Protection
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Treasury
ATB Investment Services Inc.	Treasury
Chembiomed Ltd. (in liquidation)	Treasury
Credit Union Deposit Guarantee Corporation	Treasury
Crop Reinsurance Fund of Alberta	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Community Development	Community Development
Department of Economic Development	Economic Development
Department of Education	Education
Department of Energy	Energy
Department of Environmental Protection	Environmental Protection
Department of Family and Social Services	Family and Social Services
Department of Justice	Justice
Department of Municipal Affairs	Municipal Affairs
Department of Public Works, Supply and Services	Public Works, Supply and Services
Department of Science, Research and Information Technology	Science, Research and Information Technology
Department of Transportation and Utilities	Transportation and Utilities
Department of Treasury	Treasury
Economic Development and Tourism Revolving Fund	Economic Development
Education Revolving Fund	Education
Environmental Protection and Enhancement Fund	Environmental Protection
Environmental Protection Revolving Fund	Environmental Protection
475342 Alberta Ltd. (in liquidation)	Treasury
Gainers Inc.	Treasury
Gas Alberta Operating Fund	Transportation and Utilities
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
Livestock Patrons' Assurance Fund	Agriculture, Food and Rural Development

Lottery Fund	Economic Development
Ministry of Advanced Education and Career Development ¹	Advanced Education and Career Development
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Community Development	Community Development
Ministry of Economic Development	Economic Development
Ministry of Education	Education
Ministry of Energy	Energy
Ministry of Environmental Protection	Environmental Protection
Ministry of Executive Council ¹	Executive Council
Ministry of Family and Social Services	Family and Social Services
Ministry of Health ¹	Health
Ministry of Intergovernmental and Aboriginal Affairs ¹	Intergovernmental and Aboriginal Affairs
Ministry of Justice	Justice
Ministry of Labour ¹	Labour
Ministry of Municipal Affairs	Municipal Affairs
Ministry of Public Works, Supply and Services	Public Works, Supply and Services
Ministry of Science, Research and Information Technology	Science, Research and Information Technology
Ministry of Transportation and Utilities	Transportation and Utilities
Ministry of Treasury	Treasury
N.A. Properties (1994) Ltd.	Treasury
Natural Resources Conservation Board	Environmental Protection
NFI Finance, Inc. (in liquidation)	Treasury
Persons with Developmental Disabilities Foundation	Family and Social Services
Public Works, Supply and Services Revolving Fund	Public Works, Supply and Services
S C Financial Ltd.	Treasury
Science and Research Fund	Science, Research and Information Technology
The Alberta Government Telephones Commission	Treasury
The Alberta Historical Resources Foundation	Community Development
The Government House Foundation	Community Development
The Wild Rose Foundation	Community Development

Transportation Revolving Fund	Transportation and Utilities
Treasury Revolving Fund	Treasury
Utility Companies Income Tax Rebates Fund	Treasury
Victims of Crime Fund	Justice

¹ Ministry includes only the departments so separate department information is not necessary.

Entities not included in the Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency	Ministry Annual Report
Alberta Cancer Board	Health
Alberta Heritage Foundation for Medical Research	Science, Research and Information Technology
Alberta Teachers' Retirement Fund Board	Education
Improvement Districts Trust Account	Municipal Affairs
Local Authorities Pension Plan	Treasury
Long-Term Disability Benefit Fund-Bargaining Unit	Advanced Education and Career Development
Long-Term Disability Benefit Fund-Management, Opted Out and Excluded	Advanced Education and Career Development
Management Employees Pension Plan	Treasury
Provincial Judges and Masters in Chambers Pension Plan	Treasury
Provincial Mental Health Advisory Board	Health
Public Post Secondary Institutions	Advanced Education and Career Development
Public Service Management (Closed Membership) Pension Plan	Treasury
Public Service Pension Plan	Treasury
Regional Health Authorities	Health
School Boards	Education
Special Areas Trust Account	Municipal Affairs
Special Forces Pension Plan	Treasury
Universities Academic Pension Plan	Treasury
Workers' Compensation Board	Labour

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Alberta Department of Energy and the Alberta Energy
and Utilities Board are available on the following Internet websites:
Alberta Department of Energy – <http://www.energy.gov.ab.ca>
Alberta Energy and Utilities Board – <http://www.eub.gov.ab.ca>