

Ministry of Community Development

Consolidated Financial Statements

March 31, 2005

**Ministry of Community Development
Consolidated Financial Statements
March 31, 2005**

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Auditor's Report

To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Community Development (the Ministry) as at March 31, 2005 and the consolidated statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Ministry's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Original Signed by Fred J. Dunn, FCA
Auditor General

Edmonton, Alberta
May 19, 2005, except as to
Note 11 which is as of June 15, 2005

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

**Ministry of Community Development
Consolidated Statement of Operations
Year ended March 31, 2005
(thousands of dollars)**

	2005		2004
	Budget (Schedule 4)	Actual	Actual Restated (Note 3)
Revenues (Schedule 1)			
Internal Government Transfers	\$ 85,861	\$ 85,866	\$ 72,144
Transfers from the Government of Canada	2,079	1,486	1,460
Investment Income	1,494	861	1,075
Premiums, Fees and Licences	8,790	7,850	7,576
Other Revenue	6,254	8,068	10,176
	<u>104,478</u>	<u>104,131</u>	<u>92,431</u>
Expenses – Directly Incurred (Note 2(c) and Schedules 3 and 6)			
Support Individuals and Organizations through Community Development	95,388	91,090	92,697
Protect Human Rights, and Promote Fairness and Access	5,276	5,281	4,821
Preserve, Protect and Present Alberta’s History and Culture	53,638	53,971	37,979
Preserve, Protect and Present Alberta’s Provincial Parks and Protected Areas	47,895	40,735	40,325
Ministry Support Services	11,491	10,390	10,233
	<u>213,688</u>	<u>201,467</u>	<u>186,055</u>
Valuation Adjustments			
Provision for Doubtful Accounts	-	(2)	34
Provision for Vacation Pay	217	228	347
	<u>217</u>	<u>226</u>	<u>381</u>
Total Expenses	<u>213,905</u>	<u>201,693</u>	<u>186,436</u>
Gain on Disposal of Tangible Capital Assets	<u>6,279</u>	<u>18</u>	<u>2</u>
Net Operating Results	<u>\$ (103,148)</u>	<u>\$ (97,544)</u>	<u>\$ (94,003)</u>

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

Ministry of Community Development
Consolidated Statement of Financial Position
As at March 31, 2005
(thousands of dollars)

	2005	2004
		Restated (Note 3)
Assets		
Cash and Short-term Investments (Note 4)	\$ 16,290	\$ 18,404
Accounts Receivable, Prepaid Expenses and Inventories (Note 5)	1,627	1,571
Long-term Investments (Note 6)	8,467	8,467
Tangible Capital Assets (Note 7)	182,072	183,107
	\$ 208,456	\$ 211,549
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 20,031	\$ 23,801
Unearned Revenue	907	736
	20,938	24,537
Net Assets		
Net Assets, Beginning of Year	187,012	193,628
Net Operating Results	(97,544)	(94,003)
Net Transfer from General Revenues	98,050	87,387
Net Assets, End of Year (Note 9)	187,518	187,012
	\$ 208,456	\$ 211,549

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

Ministry of Community Development
Consolidated Statement of Cash Flows
Year ended March 31, 2005
(thousands of dollars)

	2005	2004
		Restated (Note 3)
Operating Transactions		
Net Operating Results	\$ (97,544)	\$ (94,003)
Non-cash Items included in Net Operating Results:		
Amortization of Tangible Capital Assets	9,494	9,323
Valuation Adjustments	226	392
Gain on Disposal of Tangible Capital Assets	(18)	(2)
	(87,842)	(84,290)
Increase in Accounts Receivable, Prepaid Expenses and Inventories before Valuation Adjustments	(54)	(141)
Increase (Decrease) in Accounts Payable and Accrued Liabilities before Valuation Adjustments	(3,998)	4,440
Increase (Decrease) in Unearned Revenue	171	(502)
	(91,723)	(80,493)
Capital Transactions		
Acquisition of Tangible Capital Assets	(9,282)	(5,571)
Disposal of Tangible Capital Assets	54	625
Transfers of Tangible Capital Assets	787	(120)
Donation of Tangible Capital Assets	-	(294)
	(8,441)	(5,360)
Financing Transactions		
Net Transfer from General Revenues	98,050	87,387
Increase in Cash	(2,114)	1,534
Cash and Short-term Investments, Beginning of Year	18,404	16,870
Cash and Short-term Investments, End of Year	\$ 16,290	\$ 18,404

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

Ministry of Community Development
Notes to the Consolidated Financial Statements
Year ended March 31, 2005

Note 1 Authority and Purpose

The Minister of Community Development (Minister) has, by the *Government Organization Act* and its regulations, been designated responsible for various *Acts*. To fulfill these responsibilities, the Minister is responsible for the organizations listed in Note 2(a). The authority under which each organization operates is also listed in Note 2(a). Together these organizations form the Ministry of Community Development (Ministry).

The purpose of the Ministry is to enhance and preserve the quality of life for Albertans. This is done by:

- Supporting a high quality of life in Alberta by working in collaboration with individuals, organizations and communities to increase local capacity for self-reliance in the arts and culture, sport and recreation, library and voluntary sectors;
- Increasing understanding and awareness of diversity, fostering equality and reducing discrimination so all Albertans have the opportunity to participate in the social, economic and cultural life of the province;
- Preserving, protecting, presenting, researching and promoting appreciation for Alberta's historical resources and culture and providing opportunities for heritage tourism; and
- Maintaining Alberta's provincial parks and protected areas to preserve the province's natural heritage and providing opportunities for heritage appreciation, outdoor recreation and heritage tourism.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. These consolidated financial statements are prepared in accordance with the following accounting policies that have been established by government for all ministries.

**Ministry of Community Development
Notes to the Consolidated Financial Statements
Year ended March 31, 2005**

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(a) Reporting Entity

The reporting entity is the Ministry of Community Development. The *Government Accountability Act* defines a Ministry as including the Department and any Provincial agency and Crown-controlled organization for which the Minister is responsible.

These consolidated financial statements include the accounts of the following organizations:

<u>Organization</u>	<u>Authority</u>
Department of Community Development	<i>Government Organization Act</i>
Alberta Foundation for the Arts	<i>Alberta Foundation for the Arts Act</i>
The Alberta Historical Resources Foundation	<i>Historical Resources Act</i>
Alberta Sport, Recreation, Parks and Wildlife Foundation	<i>Alberta Sport, Recreation, Parks and Wildlife Foundation Act</i>
The Government House Foundation	<i>Government House Act</i>
The Historic Resources Fund	<i>Historical Resources Act</i>
Human Rights, Citizenship and Multiculturalism Education Fund	<i>Human Rights, Citizenship and Multiculturalism Act</i>
The Wild Rose Foundation	<i>Wild Rose Foundation Act</i>

All departments of the Government of Alberta operate within the General Revenue Fund (Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by the departments are paid from the Fund. Net Transfer from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Consolidation

The accounts of the organizations listed in Note 2(a) above have been consolidated. Revenue and expense transactions, investing and financing transactions, and related asset and liability accounts between the consolidated organizations were eliminated upon consolidation.

Ministry of Community Development
Notes to the Consolidated Financial Statements
Year ended March 31, 2005

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year-end is recorded as unearned revenue.

Donations of materials and services that would otherwise have been purchased are recorded at fair value at the date of donation when fair value can reasonably be determined.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues are shown as credits or recoveries in the details of the Government Estimates for a supply vote. If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Ministry may with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the Ministry's dedicated revenue initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

Grants are recorded as expenses when authorized and when all eligibility criteria have been satisfied.

In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses also include:

- Amortization of tangible capital assets;
- Pension costs which comprise the cost of employer contributions for current service of employees during the year; and

Ministry of Community Development
Notes to the Consolidated Financial Statements
Year ended March 31, 2005

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting (continued)

Expenses (continued)

Directly Incurred (continued)

- Valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the Ministry's operations are disclosed in Schedule 6.

Assets

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

Investments are recorded at cost. Where there has been a loss in the value of an investment that is other than a temporary decline, the investment is written down to recognize the loss.

Inventories are valued at the lower of cost and net realizable value.

Assets acquired by right are not included. Tangible capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is \$100,000 and the threshold for all other tangible capital assets is \$5,000 (2004 – \$15,000). All land is capitalized.

Donated tangible capital assets are recorded at their fair value at the time of contribution.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum to parties external to the government reporting entity, the fair values of these physical assets less any nominal proceeds are recorded as grants in kind.

Collections of historic and scientific artifacts, archival holdings, and works of art held by the Ministry are not recorded as assets. Purchases of collection items are expensed in the period in which the items are acquired. Donations of artworks and collection items are reported as revenue and expenses at their fair value when fair value can be determined. When fair value cannot be reasonably determined, these donations are recorded at nominal value.

Ministry of Community Development
Notes to the Consolidated Financial Statements
Year ended March 31, 2005

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting (continued)

Liabilities

Liabilities represent all financial claims payable by the Ministry at fiscal year end.

Net Assets

Net assets represent the difference between the carrying value of assets held by the Ministry and its liabilities.

Restricted funds, endowment funds, and general reserves (Note 9) are considered appropriations from net assets and are reported as net assets.

An externally restricted fund accounts for non-government contributions, which can only be used for the purpose specified by the donor.

An internally restricted fund accounts for funds restricted by the Ministry Foundations for either matching non-government contributions, which can only be used for an identified purpose, or for retaining an ongoing funding capability.

An endowment fund accounts for contributions received under various agreements with sponsors and matching funds may be provided by Ministry Foundations. In addition, the endowment fund can include internally restricted funds to be used for identified purposes, or for retaining an ongoing funding capability.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, long-term investments, accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

Ministry of Community Development
Notes to the Consolidated Financial Statements
Year ended March 31, 2005

Note 3 Government Restructuring (thousands of dollars)

As a result of government restructuring announced on November 25, 2004, the responsibility for Community Support Systems and Persons with Developmental Disabilities boards was transferred to the Ministry of Seniors and Community Supports.

Comparatives for 2004 have been restated as if the Ministry had always been assigned its current responsibilities.

Net assets as previously reported at March 31, 2003	\$ 194,995
Transfer to the Ministry of Seniors and Community Supports	<u>(1,367)</u>
Net assets as restated at April 1, 2003	<u><u>\$ 193,628</u></u>

Note 4 Cash and Short-term Investments (thousands of dollars)

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. CCITF is managed by Alberta Finance with the objective of providing competitive interest income to depositors while maintaining appropriate 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 three years. Interest is earned on the Ministry's daily cash balance at the average rate of CCITF's earnings, which varies depending on prevailing market interest rates.

	2005	2004
		Restated (Note 3)
Cash	\$ 24,457	\$ 26,571
Less Appropriated for Non-current Use (Note 6)	<u>(8,167)</u>	<u>(8,167)</u>
	<u><u>\$ 16,290</u></u>	<u><u>\$ 18,404</u></u>

Due to the short-term nature of these deposits, the carrying value approximates fair value.

Cash in the amount of \$1,879 has been externally restricted and \$339 has been internally restricted and is therefore not available to pay for operating expenses.

Ministry of Community Development
Notes to the Consolidated Financial Statements
Year ended March 31, 2005

Note 5 Accounts Receivable, Prepaid Expenses and Inventories (thousands of dollars)

	2005			2004
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Restated (Note 3) Net Realizable Value
Accounts Receivable	\$ 1,246	\$ (40)	\$ 1,206	\$ 1,193
Refunds from Suppliers	26	-	26	18
Advances	1	-	1	-
Others Including Prepaids and Inventories	394	-	394	360
	\$ 1,667	\$ (40)	\$ 1,627	\$ 1,571

Accounts receivable are unsecured and non-interest bearing.

Note 6 Long-term Investments (thousands of dollars)

	Effective Interest Rate	2005		2004	
		Cost	Market	Restated (Note 3) Cost	Market
Deposit with Life Insurance Companies Maturing in 2008 ^(a)	5.125%	\$ 300	\$ 300	\$ 300	\$ 300
Cash and Short-term Investments Appropriated for Non-current Use ^(b)		8,167	8,167	8,167	8,167
		\$ 8,467	\$ 8,467	\$ 8,467	\$ 8,467

^(a) The deposits with life insurance companies can be realized prior to maturity dates only with the payment of penalties.

^(b) Cash and short-term investments have been appropriated for non-current use by several entities in the Ministry to segregate the amounts that are needed to meet their long-term needs for endowments, reserves and other restricted uses.

Ministry of Community Development
Notes to the Consolidated Financial Statements
Year ended March 31, 2005

Note 7 Tangible Capital Assets (thousands of dollars)

	Estimated Useful Life	2005			2004
		Cost	Accumulated Amortization	Net Book Value	Net Book Value
					Restated (Note 3)
General Capital Assets					
Land	N/A	\$ 40,096	\$ -	\$ 40,096	\$ 39,934
Buildings	20-40 years	111,633	(63,669)	47,964	46,831
Computer Hardware and Software	3-8 years	1,819	(908)	911	807
Equipment	3-15 years	22,328	(15,298)	7,030	5,779
Other	7-20 years	16,385	(15,419)	966	2,424
		<u>192,261</u>	<u>(95,294)</u>	<u>96,967</u>	<u>95,775</u>
Infrastructure Assets					
Land Improvements	40 years	140,814	(73,834)	66,980	67,895
Highways and Roads	40 years	47,427	(31,427)	16,000	17,262
Bridges	60 years	2,894	(769)	2,125	2,175
		<u>191,135</u>	<u>(106,030)</u>	<u>85,105</u>	<u>87,332</u>
		<u>\$ 383,396</u>	<u>\$ (201,324)</u>	<u>\$ 182,072</u>	<u>\$ 183,107</u>

Note 8 Collections

Collections consist of historical and scientific artifacts, archival holdings, and works of art of provincial, national and international significance located in the archives, museums and historical sites of the Province of Alberta. The Ministry has not recorded the value of these collections in the consolidated financial statements due to the practical difficulties of reflecting them at a meaningful value. The collections are insured for \$372 million. A description of the major collections is as follows:

- (a) The Province, through the Historic Sites and Cultural Facilities Branch, preserves and presents 9 historic sites that contain 48 restored historic buildings/structures and 3 stabilized ruins. The Branch also operates 3 interpretive centers, 2 museums and 2 cultural facilities. As well, it administers an additional 3 historic sites which contain 58 undeveloped historic buildings/structures. In addition, the Branch owns 1 developed historic resource (leased to a society), 13 cairns, 4 archaeological sites and 1 palaeontological site. In total, the Department owns 1,904 hectares of land deemed to be of historic significance.

Ministry of Community Development
Notes to the Consolidated Financial Statements
Year ended March 31, 2005

Note 8 Collections (continued)

- (b) The Provincial Museum of Alberta maintains 13 Curatorial programs, with total collection holdings comprising approximately 10 million objects. This includes more than 1,270,000 objects on-site; over 16,000 warehoused objects off site and another estimated 8,720,000 archaeological artifacts collected as part of the Archaeological Survey of Alberta permit process. The collections represent a highly diverse complement of cultural and natural heritage. These include mammals, birds, fish, insects, plants, minerals, gems, First Nations ethnographical material, military and cultural history artifacts, coins, as well as industrial, domestic, and textile collections; and the permitted archaeological materials recovered in Alberta, all with associated images, audio and books.
- (c) The Royal Tyrrell Museum of Palaeontology collection has over 109,000 catalogued items including original and replica fossils. Annually, approximately 2,000 specimens are accessioned into the collection.
- (d) Reynolds-Alberta Museum exhibits approximately 150 major agricultural, industrial and transportation artifacts, and provides conservation, maintenance and restoration services for an additional collection of approximately 3,140 major and 3,440 smaller artifacts. Included in these numbers are 80 vintage aircraft, 8 of which are on permanent loan to the museum. The museum also houses a collection of documents, numbering over 50,000 pieces, related to the museum's mechanization themes.
- (e) The Remington Carriage Museum houses one of the largest collections of horse drawn vehicles in North America, with 265 carriages, buggies, wagons and sleighs, and approximately 690 associated small artifacts.
- (f) The Ukrainian Cultural Heritage Village is responsible for the management of Historic Sites and Cultural Facilities' collection of approximately 49,700 artifacts. Approximately 5,000 of these objects are used to furnish various smaller sites throughout the province, and 8,000 objects furnish the historic buildings at the Ukrainian Cultural Heritage Village. The remaining artifacts are preserved in storage.
- (g) The Provincial Archives of Alberta holds approximately 39,000 linear metres of government textual records; 4,680 linear metres of private textual records; 61,800 maps; 27,600 architectural drawings; 2,092,000 photographic images; 46,800 hours of sound recordings; 66,000 hours of film and video materials; and 12,500 volumes of library holdings.
- (h) The Collection Management Unit of the Arts Branch manages 14 collections containing approximately 1,500 donated, purchased and/or commissioned artworks.

Ministry of Community Development
Notes to the Consolidated Financial Statements
Year ended March 31, 2005

Note 8 Collections (continued)

- (i) The Glenbow-Alberta Institute, under contract to the Cultural Facilities and Historical Resources Division, manages the care of, and access to, a publicly owned collection of approximately 226,000 artifacts in cultural history, military history, ethnology, art and mineralogy; approximately 5 shelf kilometres of textual and archival records; over 2,100,000 historical photographs; about 350 hours of film footage; and 7,200 sound recordings. The collection is continually enhanced each year.
- (j) The Government House Foundation actively collects various significant items pertaining to the history of Government House. The collection is accessible to the public and consists of paintings, drawings, prints, sculptures, furnishings, books and silverware. The majority of the collection is used or displayed in Government House, while some items are on loan to other provincial institutions.

At March 31, 2005, the collection consisted of approximately 379 (2004 – 379) pieces of artworks and other items, with an approximate value of \$948,342 (2004 – \$948,342). During the year, the Foundation made no artworks purchases (2004 – Nil). There were no contributions to the collections during the year (2004 – Nil) and there were no dispositions during the year (2004 – Nil).

- (k) The Alberta Foundation for the Arts actively collects visual artworks, which document the Province's significant visual artistic achievement. The collection is accessible to the public and consists of paintings, sculptures, drawings, photographs, ceramics, glass, fibre and prints. At year end, the collection consisted of approximately 7,381 (2004 – 7,148) artworks with an approximate value of \$8,329,000 (2004 – \$7,844,000). During the year, the Foundation purchased 147 (2004 – 108) artworks by Alberta artists at a total cost of \$295,150 (2004 – \$289,555); contributions to the collection included 81 (2004 – 114) artworks with an appraised value of \$189,940 (2004 – \$117,188). There were no artwork dispositions during the year (2004 – 13 artwork disposals for \$2,237).
- (l) The Alberta Historical Resources Foundation has a collection of historical assets which is comprised of paintings, sketches, photographs and antique furnishings. At year end, the collection consisted of 380 (2004 – 401) artworks with an estimated value of \$16,250 (2004 – \$16,950), and 30 (2004 – 30) antique furnishings estimated at \$12,700 (2004 – \$12,700). During the year, the Alberta Historical Resources Foundation did not acquire any historical assets (2004 – Nil) and there were 21 (2004 – 9) dispositions.
- (m) The Alberta Sport, Recreation, Parks and Wildlife Foundation has a collection of artworks consisting of 20 (2004 – 22) prints of the Waterfowl of North America Collection # 1250 with an approximate value of \$5,652 (2004 – \$6,290). During the year, there were 2 (2004 – 1) dispositions.

Ministry of Community Development
Notes to the Consolidated Financial Statements
Year ended March 31, 2005

Note 9 Net Assets (thousands of dollars)

	2005	2004
		Restated (Note 3)
Unrestricted Funds	\$ 174,692	\$ 174,244
Endowment Funds	6,914	6,914
Externally Restricted Funds	3,804	3,749
General Reserves	1,967	1,967
Internally Restricted Funds	141	138
	\$ 187,518	\$ 187,012

Note 10 Contractual Obligations (thousands of dollars)

	2005	2004
		Restated (Note 3)
Grant Agreements	\$ 29,632	\$ 24,395
Long-term Leases	2,225	1,736
Service Contracts	4,882	6,479
	\$ 36,739	\$ 32,610

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

	Grant Agreements	Long-term Leases	Service Contracts	Total
2006	\$ 28,547	\$ 910	\$ 4,257	\$ 33,714
2007	875	708	625	2,208
2008	160	436	-	596
2009	50	163	-	213
2010	-	8	-	8
	\$ 29,632	\$ 2,225	\$ 4,882	\$ 36,739

Ministry of Community Development
Notes to the Consolidated Financial Statements
Year ended March 31, 2005

Note 11 Contingent Liabilities (thousands of dollars)

At March 31, 2005, the Ministry is a defendant in ten legal claims (2004 restated – seven legal claims). Nine of these claims have specified amounts totalling \$2,736 and the remaining one has no specified amount (2004 restated – six claims with a specified amount of \$1,101 and one with no specified amount). Included in the total legal claims are two claims amounting to \$150 (2004 restated – two claims amounting to \$150) in which the Department has been jointly named with other entities. Seven claims amounting to \$2,456 (2004 restated – four claims amounting to \$821) are covered by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.

Certain contingent liabilities may exist for site remediation and reclamation, which may be the responsibility of the Ministry. The potential costs relate to restoring buildings and other sites to acceptable contractual standards. The preliminary estimate of the amount of such potential contingent liabilities is \$1,863 (2004 – \$2,456). Costs for site remediation and reclamation are recognized in the financial statements when work is undertaken.

The Ministry is obligated to construct a containment system at the Turner Valley Gas Plant historic site. The containment system will prevent hydrocarbons from contaminating adjacent lands and river streams. The estimated cost of the containment system is \$3 million. During the past six years, the Ministry has worked closely with Alberta Environment and Alberta Infrastructure and Transportation to reclaim and clean-up the site and closely monitor for any contamination entering the Sheep River. To date, there has been no evidence of any contamination entering the river from the site. On June 15, 2005, the Government of Alberta announced that Alberta Infrastructure and Transportation will construct a permanent \$3 million containment system on behalf of the Ministry. Construction is expected to be completed by the fall of 2006.

Note 12 Trust Funds Under Administration (thousands of dollars)

The Ministry administers trust funds that 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 purposes of various trusts, they are not included in the Ministry's financial statements.

**Ministry of Community Development
Notes to the Consolidated Financial Statements
Year ended March 31, 2005**

Note 12 Trust Funds Under Administration (thousands of dollars) (continued)

As at March 31, 2005, trust funds under administration were as follows:

	2005	2004
		Restated (Note 3)
Parks General Trust and Performance Deposits	\$ 401	\$ 329
Gakken Dinosaur Exhibit Trust Fund	163	159
Fort Dunvegan Historical Society Trust Fund	7	6
	\$ 571	\$ 494

In addition to the above trust funds under administration, the Ministry holds bank guarantees in the form of letters of credit in the amount of \$1,392 (2004 – \$1,499).

Note 13 Defined Benefit Plans (thousands of dollars)

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of \$3,462 for the year ended March 31, 2005 (2004 restated – \$2,989).

At December 31, 2004, the Management Employees Pension Plan reported a deficiency of \$268,101 (2003 – \$290,014) and the Public Service Pension Plan reported a deficiency of \$450,068 (2003 – \$584,213). At December 31, 2004, the Supplementary Retirement Plan for Public Service Managers had a surplus of \$9,404 (2003 – \$9,312).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2005, the Bargaining Unit Plan reported an actuarial deficiency of \$11,817 (2004 – \$9,766) and the Management, Opted Out and Excluded Plan an actuarial surplus of \$3,208 (2004 – \$1,298). The expense for these two plans is limited to employer's annual contributions for the year.

Note 14 Economic Interest (thousands of dollars)

The Ministry entered into cooperating agreements and provided exclusive licences to two not-for-profit organizations to operate and provide front-of-house and related activities at the Northern Alberta Jubilee Auditorium and the Southern Alberta Jubilee Auditorium. These organizations are incorporated under the *Societies Act* (Alberta) and function independently of the Ministry. The cooperating agreements and licences expired on March 31, 2005.

Ministry of Community Development
Notes to the Consolidated Financial Statements
Year ended March 31, 2005

Note 14 Economic Interest (thousands of dollars) (continued)

Under the cooperating agreements, the societies were required to direct all revenues generated towards programs and services in support of the respective auditorium. Cash in excess of working capital requirements was placed by the societies into a capital reinvestment trust fund. During the year, the societies had transferred \$9,985 to the Government of Alberta, to be utilized for capital upgrading and major renovations of the auditoriums. In prior years, these funds were held as restricted funds of the societies (2004 – \$8,600). The Ministry is not responsible for any liabilities of either society. Effective April 1, 2005, the Ministry will start recording the revenues, expenses and surpluses of the operations of the auditoriums.

The Ministry had also entered into cooperating agreements with other not-for-profit societies to operate admission services at various Ministry sites. These agreements were terminated on March 31, 2000. Upon termination, funds held by these societies for facility reinvestment were donated to the Ministry to be used for the same purpose. These funds have been placed in the Historic Resources Fund and held as deferred contributions until such time as the funds are used for the purposes intended. As at March 31, 2005 this portion of the deferred contributions amounted to \$197 (2004 – \$216). In addition to the deferred contributions, two not-for-profit societies have retained facility reinvestment funds. As at March 31, 2005 the funds retained amounted to \$90 (2004 – \$124 restated).

Note 15 Comparative Figures

Certain 2004 figures have been reclassified to conform to the 2005 presentation.

Note 16 Approval of Consolidated Financial Statements

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

**Ministry of Community Development
Revenues
Year ended March 31, 2005
(thousands of dollars)**

	2005		2004
	Budget	Actual	Actual Restated (Note 3)
Internal Government Transfers			
Transfer from the Lottery Fund	\$ 85,806	\$ 85,806	\$ 72,105
Transfer from Alberta Heritage Scholarship Fund	55	60	39
	<u>85,861</u>	<u>85,866</u>	<u>72,144</u>
Transfers from the Government of Canada			
Other	<u>2,079</u>	<u>1,486</u>	<u>1,460</u>
Investment Income			
Interest	<u>1,494</u>	<u>861</u>	<u>1,075</u>
Premiums, Fees and Licences			
Admission Fees	4,341	3,595	3,783
Camping Fees	2,500	2,398	1,934
Film Classification	520	601	633
Lands and Grazing	479	521	515
Other	<u>950</u>	<u>735</u>	<u>711</u>
	<u>8,790</u>	<u>7,850</u>	<u>7,576</u>
Other Revenue			
Recoveries	2,499	2,418	2,218
Donations and Contributions in Kind	2,012	2,228	3,052
Refunds of Expenses	245	953	2,804
Sales	505	553	572
Rental Revenue	145	153	137
Other	<u>848</u>	<u>1,763</u>	<u>1,393</u>
	<u>6,254</u>	<u>8,068</u>	<u>10,176</u>
Total Revenues	<u>\$ 104,478</u>	<u>\$ 104,131</u>	<u>\$ 92,431</u>

**Ministry of Community Development
Dedicated Revenue Initiatives
Year ended March 31, 2005
(thousands of dollars)**

	2005		
	Authorized Dedicated Revenues	Actual Dedicated Revenues ^(a)	(Shortfall) / Excess ^(f)
Park Operations ^(b)	\$ 5,136	\$ 5,191	\$ 55
Cultural Facilities and Historical Resources ^(c)	1,526	1,112	(414)
Heritage Resources Management ^(d)	814	621	(193)
Francophone Secretariat ^(e)	490	479	(11)
	<u>\$ 7,966</u>	<u>\$ 7,403</u>	<u>\$ (563)</u>

- (a) Revenues from dedicated revenue initiatives are included in the Ministry's revenues in the Statement of Operations and Schedule 1.
- (b) The Parks and Protected Areas division collects various fees and other revenues that are used to partially offset the cost of providing services. These include fees for the use of campgrounds, park facilities and lands, heritage appreciation services (e.g. interpretive bus tours), as well as contributions, sponsorships, donations, grants and payments by corporations, private sector operators, foundations, individuals and others.
- (c) Cultural facilities and historical resources dedicated revenue is related to donations of artifacts and other items to various historic sites and cultural facilities.
- (d) The Government of Canada provided funding to provinces and territories to further the goals of the Historic Places Initiative. The funds are intended to promote development of the Canadian Register of Historic Places, use of nation-wide standards and guidelines and, in particular, greater municipal involvement in the identification and protection of historic places.
- (e) The Government of Canada provided funding to the Francophone Secretariat for the Canada-Alberta Cooperation Agreement to promote the official languages.
- (f) Shortfall is deducted from current year's authorized budget, as disclosed in Schedule 4 to the financial statements.

Ministry of Community Development
Expenses – Directly Incurred Detailed By Object
Year ended March 31, 2005
(thousands of dollars)

	2005		2004
	Budget	Actual	Actual Restated (Note 3)
Grants	\$ 105,757	\$ 94,344	\$ 84,358
Supplies and Services	41,418	41,492	41,321
Salaries, Wages and Employee Benefits	56,924	56,041	50,943
Amortization of Tangible Capital Assets	9,488	9,494	9,323
Financial Transactions and Other	101	96	110
Total Expenses	\$ 213,688	\$ 201,467	\$ 186,055
Valuation Adjustments			
Provision for Doubtful Accounts	\$ -	\$ (2)	\$ 34
Provision for Vacation Pay	217	228	347
	\$ 217	\$ 226	\$ 381

Ministry of Community Development
Budget
Year ended March 31, 2005
(thousands of dollars)

	2004-2005				
	Estimates	Adjustment ^(a)	Budget	Authorized Supplementary ^(b)	Authorized Budget
Revenues					
Internal Government Transfers	\$ 85,861	\$ -	\$ 85,861	\$ -	\$ 85,861
Transfers from the Government of Canada	2,079	-	2,079	90	2,169
Investment Income	1,494	-	1,494	-	1,494
Premiums, Fees and Licences	8,790	-	8,790	(79)	8,711
Other Revenue	6,254	-	6,254	1,141	7,395
	<u>104,478</u>	<u>-</u>	<u>104,478</u>	<u>1,152</u>	<u>105,630</u>
Expenses					
Support Individuals and Organizations through Community Development	95,388	-	95,388	-	95,388
Protect Human Rights, and Promote Fairness and Access	5,276	-	5,276	-	5,276
Preserve, Protect and Present Alberta's History and Culture	53,638	-	53,638	330	53,968
Preserve, Protect and Present Alberta's Provincial Parks and Protected Areas	47,895	-	47,895	551	48,446
Ministry Support Services	11,491	-	11,491	128	11,619
Dedicated Revenue Shortfall	-	(563)	(563)	-	(563)
	<u>213,688</u>	<u>(563)</u>	<u>213,125</u>	<u>1,009</u>	<u>214,134</u>
Valuation Adjustments					
Provision for Doubtful Accounts	-	-	-	-	-
Provision for Vacation Pay	217	-	217	-	217
	<u>217</u>	<u>-</u>	<u>217</u>	<u>-</u>	<u>217</u>
Gain on Disposal of Tangible Capital Assets	6,279	-	6,279	-	6,279
Net Operating Results	<u>\$ (103,148)</u>	<u>\$ 563</u>	<u>\$ (102,585)</u>	<u>\$ 143</u>	<u>\$ (102,442)</u>
Equipment/Inventory Purchases	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ 150</u>	<u>\$ 271</u>	<u>\$ 421</u>
Capital Investment	<u>\$ 6,562</u>	<u>\$ -</u>	<u>\$ 6,562</u>	<u>\$ 2,801</u>	<u>\$ 9,363</u>

^(a) Adjustments include dedicated revenue shortfalls (Schedule 2).

^(b) Supplementary estimates were approved on March 24, 2005. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act* (for net budgeted initiatives).

Ministry of Community Development
Related Party Transactions
Year ended March 31, 2005
(thousands of dollars)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licences, and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry receives services under contracts managed by the Ministry of Government Services (ACSC). Any commitments under these contracts are reported by the Ministry of Government Services (ACSC).

The Ministry had the following transactions with related parties recorded on the consolidated Statement of Operations and the consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2005	2004 Restated (Note 3)
Revenues		
Lottery Fund	\$ 85,806	\$ 72,105
Alberta Heritage Scholarship Fund	60	39
	<u>\$ 85,866</u>	<u>\$ 72,144</u>
Expenses – Directly Incurred		
Other Services	<u>\$ 5,053</u>	<u>\$ 5,148</u>
Tangible Capital Assets Transferred From (To) Others	<u>\$ (787)</u>	<u>\$ 120</u>
Accounts Payable	<u>\$ 43</u>	<u>\$ 6</u>

The above transactions do not include support service arrangement transactions disclosed in Schedule 3.

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the consolidated financial statements and are disclosed in Schedule 6.

	Other Entities	
	2005	2004 Restated (Note 3)
Expenses – Incurred by Others		
Accommodation	\$ 19,655	\$ 21,074
Parks Maintenance	2,672	1,587
Legal	348	286
	<u>\$ 22,675</u>	<u>\$ 22,947</u>

**Ministry of Community Development
Allocated Costs
Year ended March 31, 2005
(thousands of dollars)**

Program	2005							2004	
	Expenses ^(a)	Accommodation Costs ^(b)	Park Maintenance ^(c)	Legal Services ^(d)	Doubtful Accounts	Vacation Pay	Total Expenses	Restated (Note 3)	
	Expenses – Incurred by Others							Valuation Adjustments ^(e)	
Support Individuals and Organizations through Community Development	\$ 91,090	\$ 1,865	\$ -	\$ 34	\$ -	\$ 37	\$ 93,026	\$ 94,643	
Protect Human Rights, and Promote Fairness and Access	5,281	146	-	-	-	12	5,439	4,965	
Preserve, Protect and Present Alberta's History and Culture	53,971	15,830	-	110	(4)	69	69,976	55,645	
Preserve, Protect and Present Alberta's Provincial Parks and Protected Areas	40,735	1,467	2,672	141	2	95	45,112	43,534	
Ministry Support Services	10,390	347	-	63	-	15	10,815	10,596	
	<u>\$ 201,467</u>	<u>\$ 19,655</u>	<u>\$ 2,672</u>	<u>\$ 348</u>	<u>\$ (2)</u>	<u>\$ 228</u>	<u>\$ 224,368</u>	<u>\$ 209,383</u>	

(a) Expenses – Directly Incurred as per Consolidated Statement of Operations, excluding valuation adjustments.

(b) Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 5, allocated by square footage.

(c) The Department of Infrastructure and Transportation provides road and bridge maintenance to Parks and Protected Areas.

(d) Costs for Legal Services on Schedule 5, allocated by estimated costs incurred by each program.

(e) Valuation Adjustments as per Statement of Operations. Employee Benefits and Doubtful Accounts provision included in Valuation Adjustments were allocated as follows:

- Vacation Pay – allocated to the program by employee,

- Doubtful Accounts Provision – estimated allocation to program.