



2001-02 Annual Report
GOVERNMENT OF ALBERTA

Consolidated Financial Statements

Consolidated Financial Statements of the Province of Alberta

Year ended March 31, 2002

INTRODUCTION

The financial statements in this annual report of the Government of Alberta are consolidations of ministry consolidated financial statements, which themselves are consolidations of the financial statements of departments, regulated funds, Provincial agencies and Crown-controlled corporations, for which separate financial statements are presented in ministry annual reports. A listing of these organizations is provided in Schedule 16 to the financial statements.

The method of consolidation is described in the Accounting Policies note that forms part of the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Responsibility for the integrity and objectivity of the consolidated financial statements of the Province of Alberta rests with the government. The consolidated financial statements are prepared by the Controller under the general direction of the Deputy Minister of Finance, as authorized by the Minister of Finance pursuant to the *Financial Administration Act*. The consolidated financial statements are prepared in accordance with the government's stated accounting policies, and of necessity include some amounts that are based on estimates and judgements. As required by the *Government Accountability Act*, the consolidated financial statements are included in the consolidated annual report of the Government of Alberta that forms part of the Public Accounts.

To fulfill its accounting and reporting responsibilities, the government maintains systems of financial management and internal control which give consideration to costs, benefits and risks, and which are designed to:

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

Under the *Financial Administration Act*, deputy heads are responsible for the collection of revenue payable to the Crown, and for making and controlling disbursements with respect to their departments. They are also responsible for prescribing the accounting systems to be used in their departments. In order to meet government accounting and reporting requirements, the Controller obtains information relating to departments, regulated funds, and Provincial agencies from ministries as necessary.

The consolidated financial statements are reviewed by the Audit Committee established under the *Auditor General Act*. Under the *Fiscal Responsibility Act*, the Audit Committee must report publicly to the Executive Council on the progress made in eliminating the accumulated debt. The Audit Committee advises the Lieutenant Governor in Council on the scope and results of the Auditor General's audit of the government.

The Auditor General of Alberta provides an independent opinion on the consolidated financial statements prepared by the government. The duties of the Auditor General in that respect are contained in the *Auditor General Act*.

Annually, the consolidated annual report is tabled in the Legislature as a part of the Public Accounts and is referred to the Standing Committee on Public Accounts of the Legislative Assembly.

Approved on behalf of the Finance Department:

Peter Kruselnicki, P.Eng.
Deputy Minister of Finance

Tim Wiles, CA
Controller

Edmonton, Alberta
June 20, 2002



AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the consolidated statements of financial position and capital assets of the Province of Alberta as at March 31, 2002 and the consolidated statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the government of Alberta and are prepared on its behalf by Finance Department 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 and capital assets of the Province of Alberta as at March 31, 2002 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting as described in Note 1 to the consolidated financial statements.

[original signed]

Fred J. Dunn, CA
Auditor General

Edmonton, Alberta
June 20, 2002

Consolidated Statement of Operations

YEAR ENDED MARCH 31, 2002

	<i>In millions</i>		
	2002		2001
	Budget (Note 4)	Actual	Actual
Revenues (Schedule 1)			
Income taxes	\$ 6,051	\$ 6,412	\$ 5,966
Other taxes	2,407	2,563	2,537
Non-renewable resource revenue	7,536	6,227	10,586
Transfers from Government of Canada	2,078	2,264	1,809
Net income from commercial operations	1,643	1,778	1,636
Fees, permits and licences	1,314	1,363	1,295
Investment income	1,256	788	1,350
Other	388	632	418
	22,673	22,027	25,597
Expenses by function (Schedules 2 and 3)			
Health	7,141	6,791	5,929
Education	6,066	6,099	5,024
Social services	1,934	1,942	1,788
Agriculture and economic development	1,285	1,506	1,115
Transportation and utilities	1,626	1,102	1,648
Protection of persons and property	648	633	566
Regional planning and development	478	461	516
Environment and resource conservation	465	552	445
Recreation and culture	349	277	339
Housing	137	142	104
General government	703	640	570
Debt servicing costs	750	774	980
Pension provisions	30	29	14
	21,612	20,948	19,038
Excess of revenues over expenses	1,061	1,079	6,559
Net increase in capital assets affecting operations (Schedule 5)	(274)	(336)	(185)
Net results of operations	\$ 787	\$ 743	\$ 6,374
Under legislation, pension provisions are excluded for fiscal policy purposes (Note 5)			
Net results of operations	\$ 787	\$ 743	\$ 6,374
Add pension provisions included in expenses	30	29	14
Net results for fiscal policy purposes	\$ 817	\$ 772	\$ 6,388

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

Consolidated Statement of Financial Position

MARCH 31, 2002

	<i>In millions</i>	
	2002	2001
Financial assets		
Cash and temporary investments (Schedule 6)	\$ 1,942	\$ 1,309
Accounts and accrued interest receivable	1,729	4,787
Portfolio investments (Schedule 7)	16,761	15,419
Equity in commercial enterprises (Schedule 8)	889	664
Loans and advances (Schedule 9)	4,879	4,673
Inventories held for resale (Schedule 10)	52	69
	26,252	26,921
Liabilities		
Accounts and accrued interest payable	3,356	3,127
Unmatured debt (Note 5) (Schedule 11)	8,465	9,976
Debt of Alberta Municipal Financing Corporation (Schedule 12)	3,431	3,443
Pension obligations (Schedule 13)	4,771	4,742
Other accrued liabilities (Schedule 14)	1,058	1,194
Equity of Alberta Municipal Financing Corporation (Schedule 12)	128	139
	21,209	22,621
Net assets	\$ 5,043	\$ 4,300
Net assets (debt) at beginning of year	\$ 4,300	\$ (2,074)
Net results of operations for the year	743	6,374
Net assets at end of year	\$ 5,043	\$ 4,300
Under legislation, pension obligations are excluded for fiscal policy purposes (Note 5)		
Net assets at end of year	\$ 5,043	\$ 4,300
Add pension obligations	4,771	4,742
Net assets for fiscal policy purposes	\$ 9,814	\$ 9,042

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

Consolidated Statement of Changes in Financial Position

YEAR ENDED MARCH 31, 2002

	<i>In millions</i>	
	2002	2001
Operating activities		
Net results of operations for the year	\$ 743	\$ 6,374
Non-cash items included in net results of operations	(83)	22
	660	6,396
Decrease (increase) in receivables	3,058	(2,535)
Increase in payables	229	688
Decrease in equity of Alberta Municipal Financing Corporation	(11)	(123)
Other	(107)	(184)
Cash provided by operating activities	3,829	4,242
Investing activities		
Purchase of portfolio investments	(18,609)	(15,653)
Disposals of portfolio investments	17,367	13,261
Loans and advances made	(778)	(459)
Repayment of loans and advances	609	545
Cash applied to investing activities	(1,411)	(2,306)
Financing activities		
Debt retirement	(9,102)	(14,406)
Debt issues	7,317	12,240
Cash applied to financing activities	(1,785)	(2,166)
Increase (decrease) in cash and temporary investments	633	(230)
Cash and temporary investments at beginning of year	1,309	1,539
Cash and temporary investments at end of year	\$ 1,942	\$ 1,309

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

Consolidated Statement of Capital Assets

MARCH 31, 2002

	<i>In millions</i>	
	2002	2001
	Net Book Value (Note 8)	
General capital assets		
Land	\$ 1,199	\$ 1,187
Buildings	1,593	1,648
Equipment	93	56
Computer hardware and software	207	151
Other	64	62
	3,156	3,104
Infrastructure assets		
Land improvements	85	87
Provincial highways, roads and airstrips	5,460	3,508
Bridges	571	447
Dams and water management structures	869	856
	6,985	4,898
	\$ 10,141	\$ 8,002

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

Notes to the 2001-02 Consolidated Financial Statements

NOTE 1 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. 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 Board where it is considered appropriate.

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

A) REPORTING ENTITY

These financial statements include the accounts of the Offices of the Legislative Assembly and all government entities including departments, the Alberta Heritage Savings Trust Fund, and other regulated funds, Provincial agencies and Crown-controlled corporations. A listing of these organizations is provided in Schedule 16. Accountable organizations such as universities, public colleges, technical institutes, regional health authorities and school boards are not included in the consolidated financial statements.

B) METHOD OF CONSOLIDATION

The accounts of the Offices of the Legislative Assembly, departments, regulated funds and Provincial agencies, except those designated as commercial enterprises, are consolidated after adjusting them to a basis consistent with the accounting policies described below in (c). Revenue and expenditure transactions, investing and financing transactions, and related asset and liability accounts between consolidated entities have been eliminated.

The accounts of Crown-controlled corporations and Provincial agencies designated as commercial enterprises are reported on an equity basis, the equity being computed in accordance with generally accepted accounting principles.

The year end of some Provincial agencies is other than March 31. Transactions of these agencies that have occurred during the period to March 31, 2002 and that significantly affect the consolidation have been recorded.

C) BASIS OF FINANCIAL REPORTING

Reporting the Results of Operations

The Consolidated Statement of Operations reports revenues of the year (including proceeds from disposal of capital assets), expenses (including the cost of capital assets consumed during the year, i.e., amortization of capital assets), and the excess of revenues over expenses. The excess of revenues over expenses is then adjusted within the Consolidated Statement of Operations for the difference between the cost of capital assets consumed and the cost of capital assets acquired during the year. The net results of operations for the year is applied to increase net assets.

NOTE 1 (continued)

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue and included in accounts payable.

Expenses

Expenses represent the cost of resources consumed during the year on government operations. Expenses include provisions for amortization of acquired capital property and expenses incurred in accordance with the conditions of approved grant programs, including grants for capital purposes.

Pension costs comprise the cost of pension benefits earned by employees during the year, interest on the Province's share of the unfunded pension liability, and the amortization over the expected average remaining service life of employees of deferred adjustments arising from experience gains and changes in actuarial assumptions. In the Consolidated Statement of Operations, pension costs which are funded are included in expenses by function and costs which have not been funded are recorded as pension provisions.

Costs arising from obligations under guarantees and indemnities are recorded as expenses when management determines that the Province will likely be called upon to make payment. The expense represents management's estimate of future payments less recoveries.

Any adjustments to the Province's obligations to provide future funding to school boards to enable them to repay the principal portion of their debentures to the Alberta Municipal Financing Corporation are recorded as expenses.

The estimated increase or decrease for the year in accrued employee vacation entitlements is also recorded in the appropriate expense function.

No provision is made in the financial statements for commitments, details of which are disclosed in Note 6.

Net Increase in Capital Assets Affecting Operations

The net increase in capital assets affecting operations accounts for the inclusion of the cost of capital assets acquired during the year, and the exclusion of the annual amortization provision.

Financial Assets

Financial assets are limited to financial claims on external organizations and individuals and inventories held for resale at the year end.

Temporary investments are valued at cost or fair value, whichever is lower, on an aggregate basis.

Portfolio investments, which are investments to provide income for the long term, are carried at cost. Realized gains and losses on disposals of these investments are included in the determination of net results of operations for the year. Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

NOTE 1 (continued)

Loans are recorded at cost less any unearned income and allowance for credit loss. Discounts recorded as the result of interest rate reductions given on loans to local authorities are amortized to investment income over the term of the loans.

Inventories representing the Province's share of royalty oil in feeder and trunk pipelines are stated at net realizable value. Other inventories are valued at the lower of cost, determined on a first-in, first-out basis, and estimated net realizable value.

Liabilities

Liabilities include all financial claims payable by the Province at the year end.

Debentures included in unmatured debt are recorded at the face amount of the issue less net unamortized discount, which includes issue expenses and hedging costs.

Income or expense on interest rate swaps and forward interest rate agreements used to manage interest rate exposure is recorded as an adjustment to debt servicing costs. The exchange gain or loss on the foreign exchange contracts used to manage currency exposure is deferred and amortized over the life of the contract.

Liabilities also include the following:

- estimates of the present value of the Province's obligations for future pension contributions and/or benefits under defined benefit pension plans for provincial and other public sector employees, and certain current and former Members of the Legislative Assembly, including deferred adjustments,
- the Province's obligation to provide future funding to school boards to enable them to repay the principal portion of their debentures to the Alberta Municipal Financing Corporation, and
- accrued employee vacation entitlements.

Foreign Currency

Assets and liabilities denominated in foreign currency are translated at the year end rate of exchange.

Foreign currency transactions are translated into Canadian dollars using average rates of exchange, except for hedged foreign currency transactions which are translated at rates of exchange established by the terms of the forward exchange contracts.

Amortization of deferred exchange gains and losses and other exchange differences on unhedged transactions are included in the determination of net results of operations for the year.

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 reasonably possible amount, as there is whenever estimates are used.

NOTE 1 (continued)

Measurement uncertainty that is material to these financial statements exists in the accrual of personal and corporate income taxes, royalties derived from non-renewable resources, and provisions for pensions and loans and advances. The nature of the uncertainty in these items arises from several factors such as the effect on accrued taxes of the verification of taxable income, the effect on accrued royalties of the receipt of revised production data and reassessments, the effect on accrued pension obligations of actual experience compared to assumptions, and the effect on loans and advances of actual collectibility and changes in economic conditions.

While best estimates have been used for reporting items subject to measurement uncertainty, management considers that it is possible, based on existing knowledge, that changes in future conditions in the near term could require a material change in the recognized amounts. Near term is defined as a period of time not to exceed one year from the date of the financial statements.

Capital Assets

Capital assets of commercial enterprises and Crown-controlled corporations are included in the consolidated statement of financial position within equity in commercial enterprises. Other capital assets are not included in the Province's financial position but are reported in a separate consolidated statement of capital assets, with additional disclosure in Note 8.

Those capital assets in the separate financial statement are restricted to capital assets the Province acquired for cash or for other assets. Assets acquired by right, such as Crown lands, forests, water and mineral resources, are not included. In addition, assets paid for by other parties, such as the federal government, are excluded.

The historical cost of capital assets in Note 8 is estimated and amortization is calculated on a straight line basis over the periods expected to benefit from their use, and the annual amortization is included in the expenses reported in the Consolidated Statement of Operations. The annual amortization of the costs of capital assets is allocated to the functions of the government that employ those assets.

NOTE 2 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 cash and cash equivalents, accrued interest, receivables and payables are estimated to approximate their book values. Fair values of some of the loans and advances are not reported due to there being no organized financial market for all of the instruments and it is not practicable within constraints of timeliness or cost to estimate the fair values with sufficient reliability.

The fair value of unmatured debt and debt of Alberta Municipal Financing Corporation is an approximation of its fair value to the holder.

The methods used to determine the fair values of temporary investments and portfolio investments are as follows:

Public fixed-income securities and equities are valued at the year-end closing sale price, or the average of the latest bid and ask prices quoted by an independent securities valuation company.

Mortgages and certain non-public provincial debentures are valued based on the net present value of future cash flows. These cash flows are discounted using appropriate interest rate premiums over similar Government of Canada benchmark bonds trading in the market.

NOTE 2 (continued)

The fair value of private equities is estimated by management.

Real estate investments are reported at their most recent appraised value, net of any liabilities against the real property. Real estate properties are appraised annually by qualified external real estate appraisers.

At the year end, the fair value of investments and any other assets and liabilities denominated in a foreign currency are translated at the year end exchange rate.

NOTE 3 RISK MANAGEMENT

A) LIABILITY MANAGEMENT

The objective of the Province's liability management program is to achieve the lowest cost on debt within an acceptable degree of variability of debt servicing costs. In order to achieve this objective, the Province manages four risks - interest rate risk, currency exchange risk, credit risk, and refinancing risk. The Province manages these four risks within approved policy guidelines. The management of these risks and the policy guidelines apply to the Province's direct debt, excluding debt raised to fund requirements of provincial corporations and regulated funds. Debt of provincial corporations and regulated funds is managed separately in relation to their assets.

The Province decided in February 2001, in light of the current debt reduction environment, that the most effective liability risk management strategy would be to allow existing debt instruments to mature in accordance with their terms.

B) ASSET MANAGEMENT

The majority of the Province's portfolio investments are in the Alberta Heritage Savings Trust Fund (Heritage Fund).

The Heritage Fund is comprised of two portfolios. The Endowment portfolio is being held for the long term and has the objective of maximizing long-term financial returns. The asset mix policy for the portfolio is 25% to 45% fixed-income instruments and 75% to 55% equities. The Transition portfolio consists mainly of Canadian fixed-income securities and has the objective of providing income support to the government's fiscal plan over the short to medium term.

The General Revenue Fund also holds substantial amounts of the Province's portfolio investments. Portfolio investments of the General Revenue Fund are used to repay debt as it matures.

The investments in the Alberta Heritage Foundation for Medical Research Endowment Fund, the Alberta Heritage Science and Engineering Research Endowment Fund and the Alberta Heritage Scholarship Fund are managed to preserve the capital of the funds over the long term and to provide an annual level of income to intermediary boards responsible for making grants to researchers in the fields of medicine, science and engineering, and to students.

NOTE 4 BUDGET

The budget amounts were derived from Budget 2001 tabled in the Legislature on April 24, 2001.

The following table compares the Province's net financial position with the March 31, 2002 estimate provided in Budget 2001. The table uses the same grouping of financial assets and liabilities as the budget.

	<i>In millions</i>		
	2002		2001
	Estimate	Actual	Actual
Financial assets			
Heritage Fund external investments	\$ 12,122	\$ 12,151	\$ 11,948
Endowment funds (a)	1,894	1,768	1,866
Self-supporting lending organizations (b)	4,991	5,260	5,207
Funds available for debt repayment (Note 5)	2,120	2,741	2,070
Other financial assets	2,766	4,332	5,830
	23,893	26,252	26,921
Liabilities			
Accumulated debt	8,580	8,416	10,265
Pension obligations	4,758	4,771	4,742
Self-supporting lending organizations (b)	3,629	3,832	3,915
Accounts and interest payable and other liabilities	2,542	4,331	3,945
Less debt held internally by consolidated entities	(174)	(141)	(246)
	19,335	21,209	22,621
Net assets for financial statement purposes	4,558	5,043	4,300
Less pension obligations	4,758	4,771	4,742
Net assets for fiscal policy purposes	\$ 9,316	\$ 9,814	\$ 9,042

- a) Alberta Heritage Foundation for Medical Research Endowment Fund, Alberta Heritage Science and Engineering Research Endowment Fund and Alberta Heritage Scholarship Fund.
- b) Alberta Municipal Financing Corporation, Agriculture Financial Services Corporation and Alberta Opportunity Company.

NOTE 5 FISCAL RESPONSIBILITY LEGISLATION

During 2001-02 the Province complied with the Fiscal Responsibility Act (the Act). The Act, which came into force on April 1, 1999, requires that actual expenditure during a fiscal year, not including changes in pension obligations, must not be more than actual revenue.

Under the Act, starting accumulated debt, as defined, was initially determined at March 31, 2000 and must be reduced by a specified percentage in each subsequent five-year period such that accumulated debt must be eliminated by March 31, 2025.

NOTE 5 (continued)

The table below shows the progress made in eliminating accumulated debt during 2001-02.

	<i>In millions</i>	
	2002	2001
Unmatured debt (Schedule 11)	\$ 8,465	\$ 9,976
Funding obligation for school board debentures (Schedule 14)	698	793
Adjustments to conform to statutory definition		
Borrowings for provincial corporations	(888)	(750)
Other	141	246
Accumulated debt at end of year	<u>\$ 8,416</u>	<u>\$ 10,265</u>

In addition, Note 4 shows that funds amounting to \$2,741 million (2001 \$2,070 million), at cost, have been set aside to retire accumulated debt that has not yet matured:

	2002		2001
	Estimate	Actual	Actual
Accumulated debt at end of year	\$ 8,580	\$ 8,416	\$ 10,265
Funds available for debt repayment	2,120	2,741	2,070
Accumulated debt less funds set aside	<u>\$ 6,460</u>	<u>\$ 5,675</u>	<u>\$ 8,195</u>

NOTE 6 COMMITMENTS

	<i>In millions</i>	
	2002	2001
Obligations under long-term leases, contracts and programs	\$ 5,019	\$ 6,334
Loans and advances approved	43	47
	<u>\$ 5,062</u>	<u>\$ 6,381</u>

Estimated payment requirements for each of the next five years and thereafter are as follows:

	<i>In millions</i>
2002-03	\$ 590
2003-04	303
2004-05	238
2005-06	236
2006-07	22
Thereafter	<u>3,673</u>
	<u>\$ 5,062</u>

The government has various commitments relating to the devolution of services or disposition of assets to the private sector. Those commitments include the performance of duties and obligations if the private sector organization fails to meet them.

NOTE 7 CONTINGENCIES

Set out below are details of contingencies resulting from guarantees, indemnities and litigation, other than those reported as liabilities and shown in Schedule 14. Any losses arising from the settlement of contingencies are treated as current year expenses.

A) INDEMNITIES AND GUARANTEES

The Province had agreed to indemnify and fund interest to the extent necessary on \$335 million of debentures issued by S C Financial Ltd. to credit unions in exchange for stabilization preferred shares of the credit unions. The indemnity was to expire on October 31, 2010. The Province entered into a new agreement during the year and the indemnity will now expire on October 31, 2002. The estimated payment required on that date to terminate the indemnity is accounted for as a liability and disclosed in Schedule 14.

Guarantees amounting to \$313 million (2001 \$404 million) are analyzed in Schedule 15.

B) CONTINGENCIES OF COMMERCIAL ENTERPRISES

The Credit Union Deposit Guarantee Corporation has a potential liability under guarantees relating to deposits of credit unions. At December 31, 2001 credit unions in Alberta held deposits totalling \$6.9 billion (2000 \$6.1 billion) and had assets in excess of deposits.

At March 31, 2002, Alberta Treasury Branches had a potential liability under guarantees and letters of credit amounting to \$444 million (2001 \$415 million). In 1998-99, Alberta Treasury Branches initiated legal actions which resulted in counterclaims aggregating \$476 million. The eventual outcome of these claims and counterclaims is not determinable.

N.A. Properties (1994) Ltd. has provided guarantees of principal and interest on mortgages sold to Canadian Western Bank. The principal and interest on these mortgages totalled \$7 million at March 31, 2002 (2001 \$14 million).

C) LEGAL ACTIONS

At March 31, 2002, the Province was involved in various legal actions, the outcome of which is not determinable. Accruals have been made in specific instances where it is probable that losses will be incurred which can be reasonably estimated. The resulting loss, if any, from claims in excess of the amounts accrued cannot be determined.

The Province has a contingent liability in respect of 44 claims (2001 42) concerning aboriginal rights, Indian title and treaty rights. In most cases, these claims have been filed jointly and severally against the Province of Alberta and the Government of Canada, and in some cases involve third parties. Of these claims, 23 (2001 24) have specified amounts totalling \$65.5 billion (2001 \$65.9 billion) plus a provision for interest and other costs that are not calculable. The other 21 claims (2001 18) have not specified any amounts.

Further, the Province was named as defendant in various other legal actions in addition to those noted above. The total claimed in specific legal actions amounts to approximately \$3.6 billion (2001 \$3.9 billion).

NOTE 8 CAPITAL ASSETS

The following information is provided to supplement the Consolidated Statement of Capital Assets.

Capital assets held and available for use at the end of the year are shown below by type of asset.

		<i>In millions</i>			
Estimated Useful Life	Cost	2002		2001	
		Accumulated Amortization	Net Book Value	Net Book Value	Net Book Value
General capital assets					
Land	Indefinite	\$ 1,199	\$ -	\$ 1,199	\$ 1,187
Buildings	40 years	2,841	1,248	1,593	1,648
Equipment	3-10 years	225	132	93	56
Computer hardware and software	5-10 years	466	259	207	151
Other	20-50 years	188	124	64	62
		4,919	1,763	3,156	3,104
Infrastructure assets					
Land improvements	10-40 years	185	100	85	87
Provincial highways, roads and airstrips	50 years	7,349	1,889	5,460	3,508
Bridges	50 years	749	178	571	447
Dams and water management structures	25-80 years	1,063	194	869	856
		9,346	2,361	6,985	4,898
		\$ 14,265	\$ 4,124	\$ 10,141	\$ 8,002

Land includes land acquired for parks and recreation, building sites, infrastructure and other program use. It does not include land held for resale or Crown lands acquired by right.

Equipment includes vehicles, heavy equipment, fire protection equipment, office equipment and furniture, and other equipment.

Other capital assets include leasehold improvements (amortized over the life of the lease), rail cars and trailers.

Land improvements include parks development and grazing reserves.

Provincial highways and roads consist of original pavement, roadbed, drainage works and traffic control devices. Effective April 1, 2000, the Province agreed to assume responsibility from municipalities for the construction and maintenance of secondary highways and bridges and some key arterial roadways within cities. As a result, the majority of the secondary highways, bridges and arterial roadways were transferred to the Province during the year ended March 31, 2002, as well as in the prior year.

Dams and water management structures include dams, reservoirs, weirs, canals, dikes, ditches, channels, diversions, cut-offs, pump houses and erosion protection structures.

NOTE 8 (continued)

Changes to capital assets were as follows:

	<i>In millions</i>	
	2002	2001
Net book value at beginning of year	\$ 8,002	\$ 7,259
Capital assets acquired	643	443
Capital assets transferred from municipalities	1,830	587
Amortization provision	(307)	(258)
Disposals and write-downs	(27)	(29)
Net book value at end of year	<u>\$ 10,141</u>	<u>\$ 8,002</u>

NOTE 9 TRUST FUNDS UNDER ADMINISTRATION

Trust funds under administration are regulated and other 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 consolidated financial statements.

At March 31, 2002, trust funds under administration were as follows:

	<i>In millions</i>	
	2002	2001
Public Sector Pension Plan Funds	\$ 17,131	\$ 16,797
Teachers' Pension Plan Funds	2,391	2,208
The Workers' Compensation Board Accident Fund	2,031	2,265
Regional Health Authorities and various health institutions construction accounts	512	267
Public Trustee	457	406
Power Pool of Alberta Balancing Pool	121	813
Special Areas Trust Account	69	64
Various Court Offices and Fines Distribution Trust	37	39
Miscellaneous trust funds	117	88
	<u>\$ 22,866</u>	<u>\$ 22,947</u>

NOTE 10 COMPARATIVE FIGURES

Certain 2001 figures have been reclassified to conform to 2002 presentation.

Schedules to the 2001-02 Consolidated Financial Statements

REVENUES

Schedule 1

	<i>In millions</i>		
	2002		2001
	Budget	Actual	Actual
Income taxes			
Personal income tax	\$ 4,422	\$ 4,503	\$ 4,288
Less Alberta energy tax refund	(345)	(320)	(345)
Corporate income tax	1,974	2,229	2,023
	6,051	6,412	5,966
Other taxes			
School property tax	1,048	1,094	1,151
Fuel tax	581	585	581
Tobacco tax	344	373	340
Freehold mineral rights tax	253	319	256
Insurance corporations tax	134	134	119
Hotel room tax	47	56	52
Other	-	2	38
	2,407	2,563	2,537
Non-renewable resource revenue			
Natural gas and by-products royalty	5,494	4,030	7,200
Crude oil royalty	881	987	1,500
Bonuses and sales of Crown leases	845	969	1,159
Synthetic crude oil and bitumen royalty	300	185	712
Rentals and fees	170	148	147
Coal royalty	11	17	12
Royalty tax credit	(165)	(109)	(144)
	7,536	6,227	10,586
Transfers from Government of Canada			
Canada health and social transfer	1,482	1,655	1,411
Agriculture support programs	244	269	62
Other	352	340	336
	2,078	2,264	1,809
Net income from commercial operations			
Lottery operations	1,010	1,105	988
Liquor operations	478	507	481
Other	155	166	167
	1,643	1,778	1,636
Fees, permits and licences			
Health care insurance premiums	670	708	680
Motor vehicle licences	208	215	208
Crop and hail insurance premiums	62	65	53
Other	374	375	354
	1,314	1,363	1,295
Investment income	1,256	788	1,350
Other	388	632	418
	\$ 22,673	\$ 22,027	\$ 25,597

EXPENSES BY MINISTRY
Schedule 2

	<i>In millions</i>		
	2002		2001
	Budget	Actual	Actual
Offices of the Legislative Assembly	\$ 58	\$ 54	\$ 50
Ministries			
Health and Wellness	6,271	6,323	5,614
Learning	4,859	4,840	4,483
Infrastructure	2,768	2,075	1,677
Finance	1,201	1,166	1,467
Agriculture, Food and Rural Development	883	1,180	762
Human Resources and Employment	1,055	1,018	1,007
Transportation	1,060	926	884
Children's Services	648	639	585
Community Development	599	557	553
Seniors	306	304	266
Sustainable Resource Development	204	296	234
Solicitor General	253	256	227
Justice	220	223	223
Gaming	217	200	181
Innovation and Science	232	182	183
Municipal Affairs	203	168	161
Energy	175	150	141
Revenue	140	134	110
Environment	122	124	106
Economic Development	51	51	50
Government Services	51	50	51
Aboriginal Affairs and Northern Development	30	31	30
Executive Council	15	14	13
International and Intergovernmental Relations	6	6	6
Unallocated pension provisions	(15)	(19)	(26)
	<u>\$ 21,612</u>	<u>\$ 20,948</u>	<u>\$ 19,038</u>

EXPENSES BY OBJECT
Schedule 3

	<i>In millions</i>	
	2002	2001
Grants	\$ 15,163	\$ 13,500
Services	2,367	1,989
Salaries, wages, employment contracts and benefits	1,446	1,296
Interest and amortization of exchange gains and losses	1,039	1,283
Amortization provision	307	258
Materials and supplies	221	235
Pension liability funding	178	174
Travel and communication	126	117
Valuation adjustments (Schedule 4)	51	147
Corporate tax interest refunds	31	20
Other	19	19
	<u>\$ 20,948</u>	<u>\$ 19,038</u>

VALUATION ADJUSTMENTS**Schedule 4**

	<i>In millions</i>		
	2002		2001
	Budget	Actual	Actual
Provision for losses, doubtful accounts, loans, guarantees and indemnities	\$ 66	\$ 19	\$ 122
Pension provisions	30	29	14
Provision for employee benefits other than pensions	-	3	11
	<u>\$ 96</u>	<u>\$ 51</u>	<u>\$ 147</u>

NET INCREASE IN CAPITAL ASSETS AFFECTING OPERATIONS**Schedule 5**

	<i>In millions</i>		
	2002		2001
	Budget	Actual	Actual
Cost of capital assets acquired during the year	\$ (588)	\$ (643)	\$ (443)
Amortization provision	314	307	258
	<u>\$ (274)</u>	<u>\$ (336)</u>	<u>\$ (185)</u>

CASH AND TEMPORARY INVESTMENTS**Schedule 6**

	<i>In millions</i>			
	2002		2001	
	Book Value	Fair Value	Book Value	Fair Value
Fixed-income securities (a)				
Government of Canada, direct and guaranteed	\$ 225	\$ 225	\$ 215	\$ 215
Provincial, direct and guaranteed	86	87	125	125
Corporate	1,320	1,321	156	156
Pooled investment funds	15	15	16	16
	<u>1,646</u>	<u>1,648</u>	<u>512</u>	<u>512</u>
Cash and cash equivalents	296	296	797	797
	<u>\$ 1,942</u>	<u>\$ 1,944</u>	<u>\$ 1,309</u>	<u>\$ 1,309</u>

- a) Fixed-income securities have an average effective market yield of 2.8% per annum (2001 5.8% per annum). All of the securities have terms to maturity of less than two years (2001 94% of the securities had terms to maturity of less than five years).

	<i>In millions</i>			
	2002		2001	
	Book Value	Fair Value	Book Value	Fair Value
Fixed-income securities (a)(b)(c)				
Government of Canada, direct and guaranteed	\$ 753	\$ 756	\$ 1,628	\$ 1,638
Provincial, direct and guaranteed	975	987	1,549	1,561
Municipal	140	142	70	72
Corporate	2,350	2,359	3,005	3,026
Pooled investment funds	4,272	4,168	3,327	3,270
	<u>8,490</u>	<u>8,412</u>	<u>9,579</u>	<u>9,567</u>
Equities (c)				
Canadian	2,875	3,131	2,078	2,136
Foreign	4,733	4,581	3,311	2,902
Real estate	663	694	451	480
	<u>8,271</u>	<u>8,406</u>	<u>5,840</u>	<u>5,518</u>
	<u>\$ 16,761</u>	<u>\$ 16,818</u>	<u>\$ 15,419</u>	<u>\$ 15,085</u>

- a) The majority of the Province's fixed-income securities are held by the Alberta Heritage Savings Trust Fund (Heritage Fund). As at March 31, 2002, the Heritage Fund held \$5.22 billion (2001 \$7.01 billion) of public fixed-income securities at cost (Fair value \$5.13 billion (2001 \$7.00 billion)). The securities held have an average effective market yield of 5.4% (2001 5.4%) per annum and the following term structure based on principal amount.

	2002	2001
	%	%
Under 1 year	31	24
1 to 5 years	26	45
6 to 10 years	21	18
11 to 20 years	9	7
Over 20 years	13	6
	<u>100</u>	<u>100</u>

- b) Fixed-income securities are also held by the General Revenue Fund to repay debt as it matures. As at March 31, 2002, the General Revenue Fund held \$2.78 billion (2001 \$2.05 billion) of public fixed-income securities at cost (Fair value \$2.80 billion (2001 \$2.05 billion)). The securities held have an average effective market yield of 3.3% (2001 4.9%) per annum. 98% (2001 98%) of the securities held have terms to maturity of less than two years.
- c) The Alberta Heritage Savings Trust Fund uses derivative contracts to enhance return, hedge risks and manage asset mix. As at March 31, 2002, the notional amount of all derivative contracts issued by the Heritage Fund amounted to \$1.44 billion (2001 \$1.25 billion). 67% (2001 60%) of these contracts mature within one year. As at March 31, 2002, index swap and futures contracts, forward foreign exchange contracts and interest rate swap contracts with a notional amount of \$1.06 billion (2001 \$0.75 billion) had an unrealized loss of \$1 million (2001 \$38 million). Cross-currency interest rate swap contracts, which comprised the remaining notional amount of \$0.38 billion (2001 \$0.50 billion), are valued as a package including the underlying security. As at March 31, 2002, the combined fair value of cross-currency swaps and underlying securities amounted to \$0.38 billion (2001 \$0.50 billion).

EQUITY IN COMMERCIAL ENTERPRISES

Schedule 8

	<i>In millions</i>	
	2002	2001
Accumulated surpluses		
Accumulated surpluses at beginning of year	\$ 629	\$ 482
Total revenue	3,450	3,266
Total expense	1,672	1,628
Net revenue	1,778	1,638
Net transfers to departments and other adjustments	1,568	1,491
Accumulated surpluses at end of year	\$ 839	\$ 629
Represented by		
Assets		
Loans	\$ 10,399	\$ 9,546
Investments	790	939
Other	1,697	1,496
	12,886	11,981
Liabilities		
Accounts payable	592	416
Deposits	11,425	10,919
Unmatured debt	30	17
	12,047	11,352
	\$ 839	\$ 629
Equity in commercial enterprises at end of year		
As reported by the entities		
Alberta Treasury Branches	\$ 592	\$ 434
Alberta Gaming and Liquor Commission	166	122
Credit Union Deposit Guarantee Corporation	79	72
N.A. Properties (1994) Ltd.	2	1
	839	629
Elimination of inter fund/agency balances	50	35
	\$ 889	\$ 664

LOANS AND ADVANCES
Schedule 9

	<i>In millions</i>	
	2002	2001
Loans and advances made under the authority of		
Alberta Municipal Financing Corporation Act (a)	\$ 3,691	\$ 3,494
Agriculture Financial Services Act (b)	835	806
Alberta Heritage Savings Trust Fund Act	158	153
Alberta Opportunity Fund Act	132	131
Student Loan Act	81	-
Farm Credit Stability Act	73	125
Alberta Housing Act	25	30
Financial Administration Act	23	26
	<u>5,018</u>	<u>4,765</u>
Less allowance for doubtful accounts	139	92
	<u>\$ 4,879</u>	<u>\$ 4,673</u>

- a) Municipal loans on average yield 9.0% (2001 9.4%) per annum and have the following term structure as at March 31, 2002.

	2002	2001
	%	%
Under 1 year	1	2
1 to 5 years	19	19
6 to 10 years	39	41
Over 10 years	41	38
	<u>100</u>	<u>100</u>

The fair value of the loans as at March 31, 2002 was \$4,207 million (2001 \$4,089 million).

- b) Agricultural loan portfolios on average yield 7.1% to 7.4% (2001 7.4% to 7.5%) per annum and have the following term structure as at March 31, 2002.

	2002	2001
	%	%
Under 1 year	7	7
1 to 5 years	30	29
6 to 10 years	32	32
Over 10 years	31	32
	<u>100</u>	<u>100</u>

The fair value of the loans as at March 31, 2002 was \$814 million (2001 \$758 million).

INVENTORIES HELD FOR RESALE
Schedule 10

	<i>In millions</i>	
	2002	2001
Royalty oil	\$ 39	\$ 56
Other inventories for resale	13	13
	<u>\$ 52</u>	<u>\$ 69</u>

UNMATURED DEBT

Schedule 11

	<i>In millions</i>					
	2002			2001		
	Effective Rate (a)(b)(c) %	Duration (d) years	Book Value (a)	Fair Value (a)	Book Value (a)	Fair Value (a)
Direct debt						
Canadian dollar debt and fully hedged foreign currency debt						
Floating rate and short-term fixed rate (e)	2.87	0.23	\$ 1,065	\$ 1,091	\$ 1,804	\$ 1,874
Fixed rate long-term (f)	6.89	4.16	4,504	4,909	4,735	5,196
	6.12	3.41	5,569	6,000	6,539	7,070
Unhedged U.S. dollar debt (g)						
Floating rate and short-term fixed rate (e)	3.28	0.28	2,303	2,448	2,127	2,289
Fixed rate long-term	6.69	2.00	510	593	1,221	1,406
	3.9	0.59	2,813	3,041	3,348	3,695
	5.38	2.46	8,382	9,041	9,887	10,765
Alberta Social Housing Corporation						
Canadian dollar fixed rate debt			83	83	89	89
			\$ 8,465	\$ 9,124	\$ 9,976	\$ 10,854

- a) Book value represents the amount the Province owes. Fair value is an approximation of market value to the holder. The book value, fair value and weighted average effective rate include the effect of interest rate and currency rate swaps. For non-marketable issues, the effective rate and fair value are determined by reference to yield curves for comparable quoted issues.
- b) Weighted average effective rates on unhedged U.S. dollar debt are based upon debt stated in U.S. dollars.
- c) Weighted average effective rate on total direct debt is on debt inclusive of deferred exchange gains and losses on unhedged U.S. dollar debt (see note (g)).
- d) Duration is the weighted average term to maturity of a security's cash flows (i.e. interest and principal) and is a measure of price volatility. The greater the duration of a bond, the greater its percentage price volatility.
- e) Floating rate debt includes short-term debt, term debt with less than one year remaining to maturity, and term debt with interest rate reset within a year.
- f) Canadian dollar fixed rate debt includes \$679 million (2001 \$679 million) held by the Canada Pension Plan Investment Fund.
- g) Unhedged U.S. dollar debt is translated into Canadian dollars at the March 31 noon exchange rate of \$1.5935 per U.S. dollar (2001 \$1.5774 per U.S. dollar). Deferred exchange losses on unhedged U.S. dollar debt amounted to \$83 million at March 31, 2002 (2001 \$154 million). Amortization of deferred exchange losses amounted to \$107 million for the year ended March 31, 2002 (2001 \$122 million).

Schedule 11 (continued)

Debt principal repayment requirements at par in each of the next five years, including short-term debt maturing in 2002-03 and thereafter, are as follows:

	<i>In millions</i>	
	Total	Includes Unhedged
2002-03	\$ 1,608	US\$ 806
2003-04	1,790	500
2004-05	1,803	439
2005-06	1,250	108
2006-07	114	-
Thereafter	1,897	-
	\$ 8,462	US\$ 1,853

Some of the direct debt has call provisions. Years to maturity reflect original maturity date and not early call date. Debt with call provisions occurring in under one year is \$110 million (2001 \$316 million), and in one to five years is \$Nil (2001 \$70 million).

Derivative financial instruments

The Province uses interest rate swaps and currency rate swaps and contracts to manage the interest rate risk and currency exposure associated with unmatured debt. In addition, forward interest rate agreements may be used to manage interest rate exposure in the short term. Associated with these instruments are credit risks that could expose the Province to potential losses. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Credit exposure to counterparties is insignificant in relation to the notional principal amount, as shown in the table below. The Province minimizes its credit risk associated with these contracts by dealing with only credit worthy counterparties.

Interest rate swaps involve the exchange of a series of interest payments, either at a fixed or floating rate, based upon a contractual or notional principal amount. An interest rate swap agreement based upon a notional amount involves no exchange of underlying principal. The notional amount serves as the basis for determining the exchange of interest payments. At March 31, 2002, interest rate swap agreements were being used primarily to convert fixed interest rate payments to floating rates.

Cross currency interest rate swaps involve both the swapping of interest rates and currencies.

Currency rate swaps including foreign exchange contracts involve an agreement to exchange United States dollars and other currencies into Canadian and United States dollars at an agreed upon rate and on an agreed settlement date.

The following table summarizes the Province's derivative portfolio and related credit exposure:

	<i>In millions</i>			
	2002		2001	
	Notional Amount	Replacement Cost	Notional Amount	Replacement Cost
Interest rate swaps	\$ 2,493	\$ 29	\$ 3,456	\$ 8
Cross currency interest rate swaps	1,070	-	1,249	54
Currency rate swaps including foreign exchange contracts (stated in Canadian dollars)	-	-	8	1
	\$ 3,563	\$ 29	\$ 4,713	\$ 63

Schedule 11 (continued)

Notional amount represents the amount to which a rate or price is applied in order to calculate the exchange of cash flows. Replacement cost represents the cost of replacing at current market rates all contracts which have a positive market value.

DEBT AND EQUITY OF ALBERTA MUNICIPAL FINANCING CORPORATION**Schedule 12**

	<i>In millions</i>	
	2002	2001
Alberta Municipal Financing Corporation		
Canadian dollar fixed rate debt (a)	\$ 3,431	\$ 3,443
Equity (b)	\$ 128	\$ 139

- a) Canadian dollar fixed rate debt includes \$2,881 million (2001 \$3,098 million) held by the Canada Pension Plan Investment Fund and has the following characteristics as at March 31, 2002 (see Schedule 11 note (a)).

	2002	2001
Fair value (in millions)	\$ 4,038	\$ 4,048
Effective rate per annum	10.2%	11.1%

Debt principal repayment requirements in each of the next five years, including short-term debt maturing in 2002-03 and thereafter, are as follows:

	<i>In millions</i>	
2002-03	\$	625
2003-04		441
2004-05		338
2005-06		284
2006-07		395
Thereafter		1,348
	\$	<u>3,431</u>

- b) Alberta Municipal Financing Corporation equity has been included in liabilities of the Province because it represents profits which the Corporation has the power to pay to municipal and other shareholders that have borrowed from the Corporation.

Pension obligations are based upon actuarial valuations performed at least triennially using the projected benefit method prorated on services. The assumptions used in the valuations were adopted after consultation between the pension plan boards, the government and the actuaries, depending on the plan, and represent best estimates of future events. Each plan's future experience will inevitably vary, perhaps significantly, from the assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains or losses in future valuations. Gains and losses are amortized over the expected average remaining service lives of the related employee groups.

Information about the economic assumptions used in the most recent actuarial valuations is provided below for each plan for which there is an obligation. Demographic assumptions used in the valuations reflect the experience of the plans.

Plan	Latest Valuation	Real Rate of Return %	Inflation Rate %	Investment Rate of Return %
Teachers' Pension Plan	August 31, 2000	4.5	3.5	8.0
Universities Academic Pension Plan	December 31, 2000	4.0	3.5	7.5
Special Forces Pension Plan	December 31, 2000	3.75	3.25	7.0
Public Service Management (Closed Membership) Pension Plan	December 31, 1999	4.25	3.0	7.25
Members of the Legislative Assembly Pension Plan	December 31, 2000	3.5	3.5	7.0
Management Employees Pension Plan	December 31, 1999	4.25	3.0	7.25

Except for the Management Employees plan, these actuarial valuations indicated a deficiency of net assets over the actuarial present value of accrued benefits. Including deferred adjustments, these unfunded liabilities were extrapolated to March 31, 2002.

A separate pension plan fund is maintained for each pension plan except for the Members of the Legislative Assembly plan. Pension plan fund assets are invested in both marketable investments of organizations external to the government and in Province of Alberta bonds and promissory notes.

	<i>In millions</i>	
	2002	2001
Obligations to pension plans for employees of organizations outside the government reporting entity		
Teachers' Pension Plan (a)	\$ 3,890	\$ 3,833
Universities Academic Pension Plan (b)	151	145
Special Forces Pension Plan (b)	52	54
	<u>4,093</u>	<u>4,032</u>
Obligations to pension plans for current and former employees and Members of the Legislative Assembly		
Public Service Management (Closed Membership) Pension Plan (c)	630	642
Members of the Legislative Assembly Pension Plan (d)	48	49
Management Employees Pension Plan (c)	-	19
	<u>678</u>	<u>710</u>
	<u>\$ 4,771</u>	<u>\$ 4,742</u>

Schedule 13 (continued)

- a) The Teachers' Pension Plans Act requires all teachers under contract with public and separate school jurisdictions in Alberta to contribute to the Teachers' Pension Plan. Under the Act, the unfunded liability for service credited prior to September 1, 1992 is being financed by additional contributions in the ratio of 67.35% by the Province and 32.65% by the teachers over the period ending August 31, 2060. In addition, for service after August 1992, the Province funds 50% of any current service costs and related actuarial adjustments, including certain cost of living benefits.

The Act provides that payment of all benefits prior to September 1, 1992 is guaranteed by the Province.

- b) Under the Public Sector Pension Plans Act, the Province has obligations for payment of additional contributions under defined benefit pension plans for certain employees of post-secondary educational institutions and municipalities. The plans are the Universities Academic and Special Forces pension plans.

For Universities Academic, the unfunded liability for service credited prior to January 1, 1992 is being financed by additional contributions of 1.25% of pensionable salaries by the Province, and such percentages by employers and employees as will fund equally the remaining amount as determined by the plan valuation, over the period ending on or before December 31, 2043. Current service costs are funded by employers and employees.

For Special Forces, the unfunded liability for service credited prior to January 1, 1992 is being financed by additional contributions in the ratio of 45.45% by the Province and 27.27% each by employers and employees, over the period ending on or before December 31, 2036. Current service costs are funded by employers and employees. The Act provides that payment of all benefits arising from pensionable service prior to 1994, excluding post-1991 cost of living adjustment benefits, is guaranteed by the Province.

- c) The Public Service Management (Closed Membership) pension plan provides benefits to former members of the Public Service Management pension plan who were retired, were entitled to receive a deferred pension or had attained 35 years of service before August 1, 1992.

For Management Employees, the December 31, 1999 actuarial valuation disclosed an actuarial surplus for service credited prior to January 1, 1992. Accordingly, additional contributions by the Province as employer ceased effective January 1, 2000. Current service costs are funded by employers and employees.

- d) The Province has a liability for payment of pension benefits under a defined benefit pension plan for certain current and former Members of the Legislative Assembly. Active participation in this plan was terminated as of June 1993, and no benefits can be earned for service after that date.

OTHER ACCRUED LIABILITIES

Schedule 14

	<i>In millions</i>	
	2002	2001
Future funding to school boards to enable them to repay debentures issued to the Alberta Municipal Financing Corporation	\$ 698	\$ 793
Future funding to settle obligations under the credit union deficit financing agreement	78	-
Guarantees, indemnities and remissions		
Guarantees (Schedule 15)	18	17
Remissions for student loans (Schedule 15)	12	38
Credit union assistance	-	69
Other	100	126
	130	250
Vacation entitlements	147	144
Other	5	7
	\$ 1,058	\$ 1,194

	<i>In millions</i>		Expiry Date
	2002	2001	
Alberta Housing Act	\$ 81	\$ 107	2018
Student Loan Act	80	99	Ongoing
Farm Credit Stability Act (b)	73	130	2011
Feeder associations	52	50	Ongoing
Agriculture Financial Services Act	45	57	Ongoing
Alberta Opportunity Fund Act	6	6	Ongoing
Centre for Engineering Research Inc.	2	2	2005
Securities Act	2	2	Ongoing
Rural utilities loans	1	2	2015
University of Calgary	1	1	2016
Agricultural Societies Act (b)	-	3	2015
	343	459	
Less estimated liability (Schedule 14)			
Guarantees	18	17	
Remissions for student loans	12	38	
	30	55	
	\$ 313	\$ 404	

a) Authorized loan guarantee limits are shown below where applicable. Where authorized loan guarantee limits are not noted, the authorized limits decline as guaranteed or indemnified loans are repaid.

No new program guarantees are being issued under the Farm Credit Stability Act and the Rural Utilities Act.

Guarantee programs under the following Acts are ongoing:

- Student Loan Act (authorized guarantee limit set by Order in Council is \$400 million),
- Feeder Associations Guarantee Act (authorized guarantee limit set by Order in Council is \$55 million),
- Agriculture Financial Services Act,
- Alberta Opportunity Fund Act,
- Securities Act (the guarantee has no expiry date), and
- Agricultural Societies Act (authorized guarantee limit set by statute is \$50 million).

The lender takes appropriate security prior to issuing to the borrower a loan which is guaranteed by the Province. The security taken depends on the nature of the loan. Interest rates are negotiated with the lender by the borrower and typically range from prime to prime plus two per cent.

b) The expiry date shown is the latest expiry date for guaranteed loans under the program.

The financial statements of the following organizations are consolidated in these financial statements:

Offices of the Legislative Assembly

Support to the Legislative Assembly
Office of the Auditor General
Office of the Ombudsman
Office of the Chief Electoral Officer
Office of the Ethics Commissioner
Office of the Information and Privacy Commissioner

Departments

Aboriginal Affairs and Northern Development
Agriculture, Food and Rural Development
Children's Services
Community Development
Economic Development
Energy
Environment
Executive Council
Finance
Gaming
Government Services
Health and Wellness
Human Resources and Employment
Infrastructure
Innovation and Science
International and Intergovernmental Relations
Justice
Learning
Municipal Affairs
Revenue
Seniors
Solicitor General
Sustainable Resource Development
Transportation

Regulated Funds

Alberta Heritage Foundation for Medical Research Endowment Fund
Alberta Heritage Savings Trust Fund
Alberta Heritage Scholarship Fund
Alberta Heritage Science and Engineering Research Endowment Fund
Alberta Risk Management Fund
Alberta School Foundation Fund
Crop Reinsurance Fund of Alberta
Environmental Protection and Enhancement Fund

Schedule 16 (continued)

Regulated Funds (continued)

Historic Resources Fund
Lottery Fund
Provincial Judges and Masters in Chambers Reserve Fund
Supplementary Retirement Plan Reserve Fund
Victims of Crime Fund

Provincial Agencies

Agriculture Financial Services Corporation
Alberta Agricultural Research Institute (a)
Alberta Alcohol and Drug Abuse Commission
Alberta Dairy Control Board
Alberta Energy and Utilities Board
Alberta Foundation for the Arts
The Alberta Historical Resources Foundation
Alberta Informatics Circle of Research Excellence Inc.
Alberta Municipal Financing Corporation
Alberta Oil Sands Technology and Research Authority (a)
Alberta Opportunity Company
Alberta Pensions Administration Corporation
Alberta Petroleum Marketing Commission
Alberta Research Council Inc.
Alberta Science and Research Authority
Alberta Securities Commission
Alberta Social Housing Corporation
Alberta Sport, Recreation, Parks and Wildlife Foundation
Awasak Child and Family Services Authority
Calgary Rocky View Child and Family Services Authority
Child and Family Services Authority Region 13
Diamond Willow Child and Family Services Authority
Edmonton Community Board for Persons with Developmental Disabilities
The Government House Foundation
Hearthstone Child and Family Services Authority
Human Rights, Citizenship and Multiculturalism Education Fund
Keystone Child and Family Services Authority
Ma'Mowe Capital Region Child and Family Services Authority
Metis Settlements Child and Family Services Authority
Natural Resources Conservation Board
Neeگان Awas'sak Child and Family Services Authority
Persons with Developmental Disabilities Calgary Region Community Board
Persons with Developmental Disabilities Central Alberta Community Board
Persons with Developmental Disabilities Foundation
Persons with Developmental Disabilities Michener Centre Facility Board
Persons with Developmental Disabilities Northeast Alberta Community Board
Persons with Developmental Disabilities Northwest Alberta Community Board
Persons with Developmental Disabilities Provincial Board
Persons with Developmental Disabilities South Alberta Board
Region 14 Child and Family Services Authority

Schedule 16 (continued)

Provincial Agencies (continued)

Ribstone Child and Family Services Authority
Sakaigun Asky Child and Family Services Authority
Sakaw-Askiy Child and Family Services Authority
Silver Birch Child and Family Services Authority
Southeast Alberta Child and Family Services Authority
Sun Country Child and Family Services Authority
West Yellowhead Child and Family Services Authority
The Wild Rose Foundation
Windsong Child and Family Services Authority

Non-commercial Crown-controlled Corporation

Alberta Insurance Council

The following organizations are accounted for on an equity basis in these financial statements:

Commercial Enterprises

Alberta Gaming and Liquor Commission
The Alberta Government Telephones Commission
Alberta Treasury Branches
Credit Union Deposit Guarantee Corporation
N.A. Properties (1994) Ltd.

Commercial Crown-controlled Corporation

Gainers Inc.

a) Privatized, wound up or ceased operations in 2000-01.

