

Municipal Affairs and Housing

Annual Report
2006-2007

Alberta

PREFACE

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 20 Ministries.

The annual report of the Government of Alberta released June 21, 2007, contains the Minister of Finance's accountability statement and the consolidated financial statements of the Province. The *Measuring Up* report released June 28, 2007, provides a comparison of the actual performance results to the desired results set out in the government's business plan.

This annual report of the Ministry of Municipal Affairs and Housing contains the Minister's accountability statement, the audited financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

- other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report, and
- financial information relating to the Improvement Districts' Trust Account and the audited financial statements of the Special Areas Trust Account.

Minister's Accountability Statement

The Ministry's annual report for the year ended March 31, 2007, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at August 31, 2007, with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Original signed by:

Ray Danyluk

Minister of Municipal Affairs and Housing

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Vision

Municipal Affairs and Housing contributes to the development of strong, safe and sustainable communities.

Mission

Municipal Affairs and Housing provides programs and services that help ensure Albertans are served by accountable and effective local governments; live in strong and safe communities; and that lower-income Albertans have access to housing that is affordable.

Core Businesses and Goals

Core Business One: Local Government Services

Providing support services, policies and legislation that enhance the development of an accountable, well-managed, responsive and effective local government sector.

Goal 1: An effective, responsive, co-operative and well-managed local government sector

Goal 2: Financially sustainable and accountable municipalities

Goal 3: A well-managed and efficient assessment and property tax system in which stakeholders have confidence

Core Business Two: Safety Services and Fire Protection

Administering the safety system – the aggregate of provincial programs, regulations, partnerships, codes and standards – that provides for safety in the areas governed by the *Safety Codes Act* and promotes fire protection throughout the province.

Goal 4: A comprehensive safety system that provides an appropriate level of public safety

Core Business Three: Emergency Management Alberta

Leading and managing provincial emergency management programs and supporting municipalities to ensure their preparedness to deal with major emergencies and disasters.

Goal 5: An emergency management program that enables effective mitigation of, preparation for, response to and recovery from major emergencies and disasters

Core Business Four: Municipal Government Board

Providing independent, quasi-judicial adjudication on matters specified under the *Municipal Government Act*.

Goal 6: An independent system that administers appeals and issues timely and impartial decisions of high quality

Core Business Five: Provide a range of housing options and supports for lower-income Albertans

Goal 7: Lower-income Albertans have access to a range of housing options and effectively managed housing programs that are focused on those most in need

Core Business Six: Build community capacity

Goal 8: An accessible public library service and effectively supported communities and voluntary sector.



"Alberta is in the midst of unprecedented growth, with families, businesses and individuals moving to the province every day."

Message from the Minister

Alberta is in the midst of unprecedented growth, with families, businesses and individuals moving to the province every day. This growth led to a busy and productive 2006-07 for Municipal Affairs and Housing. As Minister, my job is to work with municipalities and Albertans to provide safe and secure communities and manage growth pressures. The Ministry also strives to ensure Albertans have effective, efficient local government.

The work of the Minister's Council on Municipal Sustainability is an excellent example of the benefits of co-operation, collaboration and co-ordination between the Ministry and municipalities. Tasked with exploring key municipal issues, such as revenue sources, roles and responsibilities and intermunicipal relationships, the council's subsequent report and recommendations will serve as a starting place for making our communities stronger.

Much work was also done by the Alberta Affordable Housing Task Force. After travelling the province and hearing from more than 1,400 individuals, including renters, homeowners and landlords, the task force's recommendations led to a number of initiatives, including increased funding for affordable housing and shelter and homelessness initiatives. In addition, new safety standards adopted for secondary suites give municipalities the option of including this form of practical, affordable housing in their communities.

Albertans will continue to live in safe and secure communities with the creation of the Alberta Emergency Management Agency. The agency will enhance the co-ordination of emergency management throughout the province by combining the strengths of the Alberta Fire Commissioner's Office with the previous emergency management organization. This will result in better co-ordination, preparation, response to and recovery from a wider array of disasters and emergencies for all organizations involved, including government, industry, municipalities and first responders, to ensure the delivery of vital services during a crisis.

These are just a few highlights of the work done by Municipal Affairs and Housing over the last year. As we move forward into 2007-08, I look forward to continuing the constructive partnership we enjoy with Alberta's municipal leaders and organizations, emergency management and safety officials, community and library leaders, and social housing providers.

Original signed by:

Ray Danyluk
Minister of Municipal Affairs and Housing

Management's Responsibility for Reporting

The Ministry of Municipal Affairs and Housing includes the Department of Municipal Affairs and Housing, the Municipal Government Board, the Safety Codes Council, the Special Areas Board, six Improvement Districts, the Alberta Emergency Management Agency, and the Alberta Social Housing Corporation. The Department of Municipal Affairs and Housing consists of the Local Government Services Division, the Public Safety Division, the Housing Services Division, and the Corporate Strategic Services Division.

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the financial statements and performance results for the Ministry rests with the Minister of Municipal Affairs and Housing. Under the direction of the Minister, I oversee the preparation of the Ministry's annual report, including financial statements and performance results. The financial statements and performance results, of necessity, include amounts that are based on estimates and judgments. The financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control that give consideration to costs, benefits and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the Province under Ministry administration;

- provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Municipal Affairs and Housing with any information needed to fulfill their responsibilities; and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executive of the individual entities within the Ministry.

Original signed by:

Shelley Ewart-Johnson

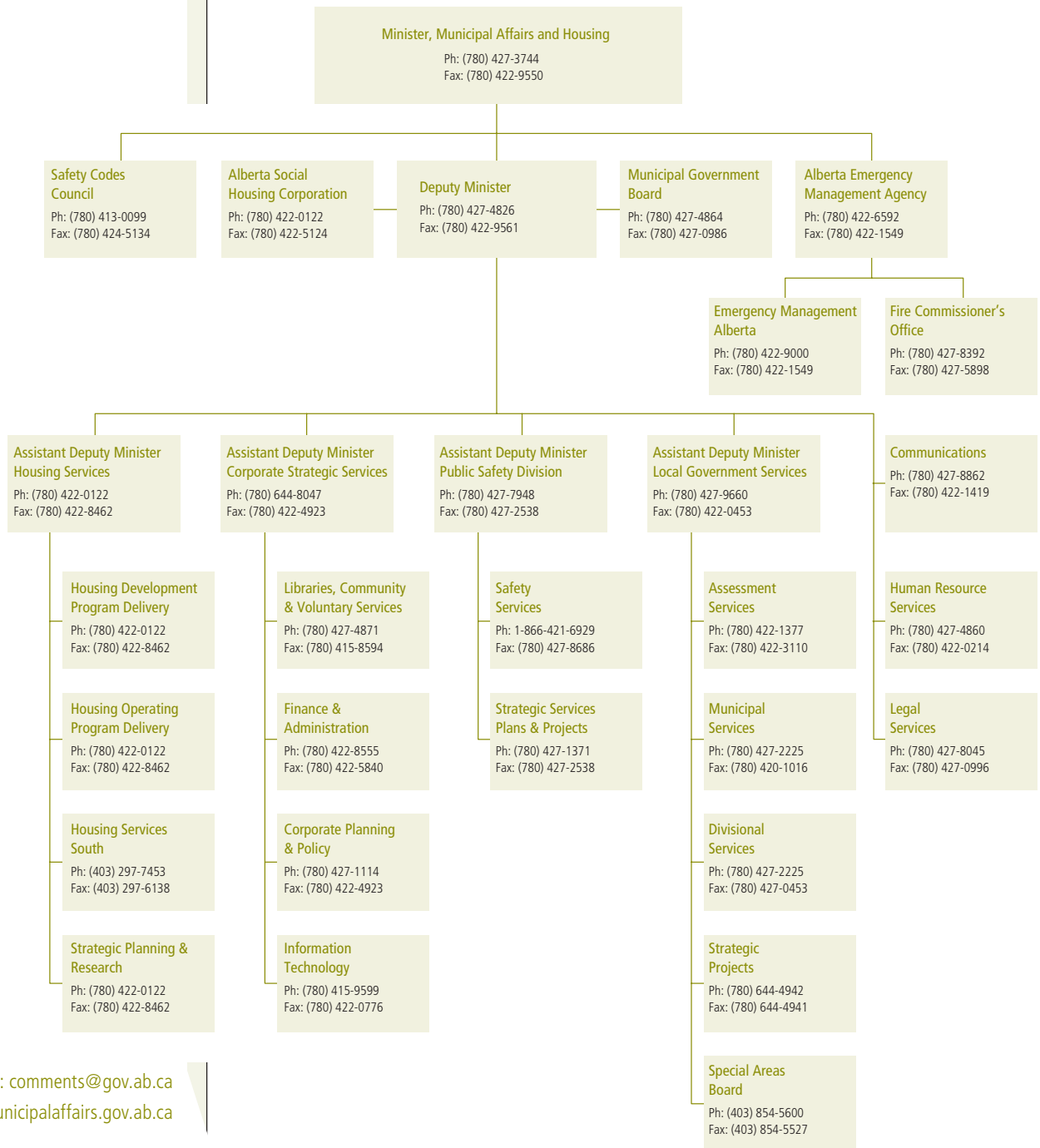
Deputy Minister, Alberta Municipal Affairs and Housing

August 31, 2007

OVERVIEW

Entity Map

Ministry of Municipal Affairs and Housing Functional Organization as at March 31, 2007



e-mail: comments@gov.ab.ca

Website: www.municipalaffairs.gov.ab.ca

Operations and Services

The Ministry of Municipal Affairs and Housing includes the Alberta Emergency Management Agency, the Municipal Government Board, the Alberta Social Housing Corporation, the Safety Codes Council, the Department of Municipal Affairs and Housing, the Special Areas Board and six Improvement Districts.

Alberta Emergency Management Agency

The Alberta Emergency Management Agency is responsible for working with municipalities, industry and other Government of Alberta departments to administer a comprehensive emergency management framework that allows the province and its public safety partners to mitigate, prepare for, respond to and recover from a range of emergency events. This work includes helping municipalities maintain and exercise their municipal emergency plans; co-ordinating the preparation and updating of province-wide response plans for specific hazards; administering disaster recovery programs to help individuals and municipalities when catastrophic events occur; partnering with fire departments and municipalities to help them improve fire protection and emergency services by promoting recognized standards and providing affordable and accessible training programs; and delivering province-wide public fire and life safety education awareness campaigns.

Municipal Government Board

The Municipal Government Board conducts independent, quasi-judicial adjudication functions required by the *Municipal Government Act* with respect to property assessment appeals, linear property assessment complaints, equalized assessment appeals, subdivision appeals, annexation recommendations, intermunicipal disputes and other matters referred to the board by the Minister of Municipal Affairs and Housing or Lieutenant Governor in Council.

Alberta Social Housing Corporation (ASHC)

The ASHC facilitates the provision of social housing accommodation to low-income families and individuals and those with special needs. The ASHC owns and administers the province's housing assets, services long-term debt associated with these assets, manages mortgage agreements (including those with the Canada Mortgage and Housing Corporation) and administers the disposal of provincially owned properties that are no longer appropriate for social housing programs.

Safety Codes Council

The Safety Codes Council (SCC) is a statutory corporation responsible to the Minister of Alberta Municipal Affairs and Housing with a mandate under the *Safety Codes Act* to formulate and oversee the development and administration of safety codes and standards throughout Alberta. The SCC also provides training to Safety Codes Officers, makes public safety programs available to industry and communities, and administers a province-wide electronic permit system.

Department of Municipal Affairs and Housing

The Department of Municipal Affairs and Housing consists of the Local Government Services Division, the Public Safety Division, the Housing Services Division and the Corporate Strategic Services Division.

Local Government Services Division

The Local Government Services Division provides support and advice to municipalities to help them develop sustainable and effective local government for Albertans. Services focus on municipal capacity, co-operation and assessment and tax policy. This work includes providing advisory and financial support to help municipalities operate efficiently, overseeing the policies and procedures for the assessment of property in Alberta, reviewing municipal assessments and assessing of linear property (such as oil and gas wells, pipelines, electric power generation and telecommunication systems) for Alberta municipalities. The division also oversees the allocation of the education property tax among municipalities.

The Special Areas Board also reports to this division. The Special Areas Board is appointed by the Lieutenant Governor in Council and is responsible for the management and administration of 2.86 million acres of public land located in southeast Alberta and the provision of municipal services to the residents of these areas.

The Division also administers six Improvement Districts, which provide limited municipal services, primarily in the National Parks.

Public Safety Division

The Public Safety Division administers a framework of safety codes and standards and assists municipalities with promoting the safe construction, operation and maintenance of buildings, facilities and associated equipment. This includes administering the *Safety Codes Act*, which establishes codes, standards and administrative processes in 10 disciplines: pressure equipment; building; fire; plumbing; gas; electrical; elevators; amusement rides; passenger ropeways (ski lifts); and private sewage disposal systems. The division also represents the Government of Alberta in the development of national and

international codes and standards; provides technical advice and program support to municipalities, industry and the public; and works with the Safety Codes Council to assist and monitor municipalities, corporations and other organizations that have delegated authority to administer safety codes and standards.

The Public Safety Division also co-ordinates the Tank Site Remediation Program, which is designed to help municipalities and other eligible owners of current or former retail gas station sites clean up contamination caused by leaking underground petroleum storage tanks.

Housing Services Division

Municipal Affairs and Housing is responsible for a housing portfolio that enables access to emergency shelter and to subsidized housing for Albertans who cannot afford to pay full market rent for their accommodation. The Housing Services Division provides the Ministry with support on a broad range of family and special purpose housing issues. The division administers funding to local governments, not-for-profit organizations and private sector organizations for the delivery of affordable housing options for lower-income Albertans and persons with special needs. These options are part of a housing continuum ranging from emergency shelters to transitional and subsidized housing. The division operates the Gunn Centre, a government-owned transitional housing facility for men who are homeless and who may have mental health difficulties, a history of substance abuse and/or other social barriers to self-sufficiency. The division also manages the assets of the Alberta Social Housing Corporation.

Corporate Strategic Services Division

The Corporate Strategic Services Division is responsible for the Ministry's information technology, financial planning and reporting and corporate policy functions. The division also manages business planning, performance measurement, environmental scanning, legislative planning and information access and privacy protection.

This division also includes the Libraries, Community and Volunteer Services Branch, which supports the province-wide public library system and information network and supports Alberta's voluntary sector, communities and government. This work includes supporting equitable access to library service for all Albertans, providing funding assistance and establishing a province-wide network for communications and sharing library resources. The branch also provides consultation and facilitation services, skill development opportunities and assistance with public and stakeholder consultations for not-for-profit organizations, communities, networks, local and provincial government in support of their goals. In addition, the branch provides support to the Alberta Nonprofit/Voluntary Sector Initiative (ANVSI) to ensure a strong and sustainable non-profit/voluntary sector that has the ability to provide the services and supports that Albertans expect to be part of their communities.

Support Services

Staff from specialized areas support the department in achieving its business plan goals. Services include the provision of legal advice regarding the Ministry's acts and regulations, legal representation before the courts and various administrative tribunals, human resources and communicating information to Albertans.

Shared Services

Municipal Affairs and Housing continues to support Service Alberta through the purchasing of administrative, information technology, financial and human resource processing services.

The Ministry also supports Service Alberta by providing strategic administrative and legal services through a shared services agreement.

Summary of Key Activities

Municipal Affairs and Housing was involved in numerous activities during 2006-07, as demonstrated in the Results Analysis section of this report. The following information outlines the main program initiatives and significant accomplishments, as well as the major consultations and legislative changes that took place during the year.

Minister's Council on Municipal Sustainability

The Ministry continued to work with the Minister's Council on Municipal Sustainability throughout 2006-07, supporting and facilitating the council's exploration of key municipal issues, including the examination of intermunicipal relationships, municipal roles and responsibilities and municipal revenue sources. The Minister's Council is chaired by the Minister of Municipal Affairs and Housing and includes the presidents of the Alberta Association of Municipal Districts and Counties and the Alberta Urban Municipalities Association, and the mayors of Edmonton and Calgary. The Minister's Council released a report and recommendations in March 2007.

New Municipal Funding

Municipal Affairs and Housing worked closely with the Ministries of Finance, Treasury Board, and Infrastructure and Transportation in developing a new initiative designed to provide municipalities with predictable, sustainable funding. This program was announced subsequent to the fiscal year on April 24, 2007.

Alberta Emergency Management Agency

The Government of Alberta created the Alberta Emergency Management Agency in October 2006 to enhance the co-ordination of emergency management throughout the province. The new agency brings the province's emergency management and Fire Commissioner's Office personnel together

to provide central co-ordination and oversight of all Government of Alberta responsibilities in preparing for, mitigating, responding to and recovering from emergency situations. This new system design puts Alberta in an ideal position to work with municipal governments, first responders and industries to strengthen Alberta's emergency management framework and establish it as a world leader in the field.

Alberta Affordable Housing Task Force

On February 1, 2007, Minister Danyluk announced the Alberta Affordable Housing Task Force. Its mandate was to submit a report within 45 days outlining cost effective solutions to the acute shortage of housing across Alberta, focusing on housing that is affordable and accessible. Task force membership included representatives from the private sector (including the building industry and the Urban Development Institute), not-for-profit sector, provincial and municipal governments, youth, the disabled community and the Aboriginal community.

The task force travelled to nine communities across Alberta (Grande Prairie, Fort McMurray, Edmonton, Red Deer, Hinton, Medicine Hat, Lethbridge, Calgary and Elk Point) listening to a variety of Albertans explain the barriers they face in accessing, building or providing affordable housing. In total, more than 1,400 Albertans e-mailed, made a presentation to the task force, submitted a written proposal or left comments on the Affordable Housing Task Force website.

On March 19, 2007, the task force submitted its final report to the Minister. The report, entitled *Housing First - An Investment with a Return in Prosperity*, contained recommendations on eight immediate measures to respond to the current housing situation, as well as numerous short- and long-term measures to alleviate affordable housing shortages, address homelessness and help sustain future economic growth.

Capital Investments

The Housing Services Division provided \$44 million for sustainable, affordable housing for low-income households through Phase II of the Canada-Alberta Affordable Housing Program, resulting in 628 units in five communities (Calgary, Drumheller, Fort McMurray, Edmonton and High Prairie). Approximately \$2.6 million was provided to expand and renovate Edmonton's Bissell Centre, in recognition of the centre's work in assisting the homeless, low-income individuals and families at risk. With funding from the federal government, \$16 million was delivered to assist Aboriginal Albertans living off reserve to develop new housing units, provide repairs to existing housing stock in major urban centres and provide affordable housing for students attending post-secondary facilities. Another \$15 million was made available to high-growth, high-need communities, creating 150 new affordable housing units.

Safety Standards for Secondary Suites

In November 2006, the Government of Alberta officially recognized secondary suites as a practical, affordable housing option for Albertans by adopting

distinct safety standards for the units in the province's building and fire codes. Construction standards for secondary suites came into force under the Alberta Building Code on December 31, 2006, which ensures that new suites constructed in municipalities that choose to zone for the units will have to meet appropriate safety standards. Homeowners who already have secondary suites will have until December 31, 2008, to meet the new standards. In the interim, Municipal Affairs and Housing will work with municipalities to provide owners with technical advice on how to bring their suites into compliance with the new code requirements.

Bill 28, *Local Authorities Election Amendment Act*, 2006

Amendments were made to the *Local Authorities Election Act* as recommended by an MLA committee which held 18 public meetings across the province. Highlights of the bill included changes regarding the use of special ballots, the authority to allow the returning officer to have questionable special ballots reviewed by an appointed official, a provision allowing municipalities to require voter identification and the restriction of candidates convicted of an offence related to the conduct of an election from participating in subsequent elections. Other amendments were made to clarify issues raised by stakeholders. These amendments were made to the act to improve the processes for the 2007 municipal elections.

Pandemic Influenza Operations Plan

The Government of Alberta is using a cross-ministry approach to ensure the province is prepared for the threat of pandemic influenza and ready to provide both a health response and an operational response in the event of an outbreak. The Alberta Emergency Management Agency (AEMA), is co-ordinating the preparation of the province's operations response in consultation with Alberta Health and Wellness and other departments. In 2006, AEMA led the Government of Alberta Pandemic Project Management Team in drafting the province's updated cross-government Pandemic Influenza Operations Plan. The revised plan is designed to minimize societal disruption and ensure Government of Alberta departments are prepared to maintain service levels during a pandemic by:

- ensuring that key legislation and policies are in place to support a cross-government response;
- ensuring that the province has control and co-ordination protocols to assist Government of Alberta departments with maintaining continuity of services during a business disruption; and
- clearly defining business continuity guidance and expectations for municipalities and industry.

Industrial Assessment Rate Review

The Ministry completed a comprehensive review of the regulated rates and procedures that are used to assess several types of industrial property as part of the province's role in maintaining a fair and equitable system of property assessment in Alberta. During the review process, the department used the services of professional engineering firms with expertise in the industrial sector,

and consulted with municipal and industry representatives. The assessment updates which will be implemented in the 2008 tax year reflect changes in industry practices and construction standards, and apply to oil and gas wells, pipelines, electric power systems, telecommunications systems, light oilfield machinery and equipment and railways.

Tangible Capital Assets

The Ministry initiated the Tangible Capital Assets Implementation project to ensure that Alberta municipalities are positioned to comply with the new capital asset accounting standard, which will require municipalities to inventory, track and report on the value of their capital assets beginning in 2009. The Public Sector Accounting Board's tangible capital asset accounting standard impacts all Canadian municipalities and will be a significant challenge for many local governments. The Ministry, together with the Government Finance Officers of Alberta, scheduled regional workshops across the province in early spring with our municipal stakeholders to address this issue.

Municipal Internship Program

In 2006-07, the Municipal Internship Program placed 15 interns in 16 municipalities. This program aims to help Alberta municipalities with their needs for staff succession planning by training and developing administrative leaders for the future, by providing a comprehensive training program for recent graduates and providing a grant to help pay some of the interns' wages and expenses.

Dispute Resolution Activities

The Intermunicipal Dispute Resolution Program helps develop local solutions to local problems and includes pre-mediation services to determine if a dispute can be mediated. Mediations cover such issues as annexations, land-use, shared services, regional co-operation and cost-sharing. The cost of mediation is shared between all parties, including the Ministry. The Ministry helped manage 18 disputes involving 31 municipalities.

The Local Dispute Resolution Program deals with issues such as public policy disputes, disputes about policy implementation or municipal administration, organizational and administrative conflict, contractual disputes and/or legal practices and alternatives to litigation. The Ministry continued to work with three municipalities and began new discussions with six additional municipalities under this program.

Be On the Ballot: Women Impacting Local Government conference

In January 2007, Alberta Municipal Affairs and Housing held the Be On the Ballot: Women Impacting Local Government conference. The conference's goals were to communicate the reality of politics, illustrate how important it is to have female representation, set out the strategies of women currently involved in municipal government and to inspire, inform, and assist women either entering or thinking about getting involved in municipal politics. There were 210 registrants, with the majority of these indicating that the presentation topics were relevant, and that the conference met or exceeded their expectations.

Centennial of the *Libraries Act*

2007 marked the 100th anniversary of the *Libraries Act*, which was proclaimed on March 15, 1907. In celebration of this significant milestone, the Ministry has initiated a commemorative project to recognize the top 100 people who have dedicated their efforts to help build our renowned public library service in Alberta. Throughout 2007 the Ministry will collect information, pictures, histories and stories to help celebrate achievements in public library service development.

Development of a Voluntary Sector ‘Framework for Collaboration’

The Alberta Nonprofit/Voluntary Sector Initiative was established to encourage collaboration, address current and future challenges, and to ensure sustainability of the non-profit/voluntary sector, which contributes to the quality of life in Alberta. A council consisting of non-profit/voluntary sector leaders and the Alberta government developed a draft ‘Framework for Collaboration.’ The framework will provide a foundation upon which the non-profit/voluntary sector and the Alberta government can partner together to help build healthy, active communities. The next step will be to establish a collaborative body with representation from the Alberta government and the non-profit/voluntary sector that will provide leadership, accountability and oversight for implementation of the framework.

Tank Site Remediation Program

In August 2006, the Government of Alberta approved \$50 million in funding toward a new multi-year program to help municipalities and other eligible owners clean up contamination from leaking underground storage tanks on their current or former retail gas station sites. The new program continues work that began under a previous program introduced in 2000 that allocated \$60 million to help eligible owners bring their sites into compliance with new provisions in the Alberta Fire Code and the *Environmental Protection and Enhancement Act*.

Strategic Projects Unit

The Strategic Projects Unit was created in 2006-07 to provide in-depth analytical and research services regarding important municipal issues that require this level of examination. The unit works with the Regional Municipality of Wood Buffalo and certain other high-growth municipalities to plan for, and meet, their growth-related challenges. With increased pressure for provincial financial support to assist in addressing the impacts of oil sands-driven economic development and population growth, Municipal Affairs and Housing has taken the lead in responding to a number of recommendations made in the Oil Sands Strategy Ministerial Committee report, *Investing in our Future: Responding to the Needs of High Growth Areas*, which was released on December 29, 2006.

Municipal Government Board

The Municipal Government Board (MGB) held 3,036 hearings in 2006-07, in comparison to 2,112 hearings in 2005-06. Property assessment appeals and linear assessment complaints continue to account for the majority of the work before the MGB, but all appeal types, including subdivisions and annexation applications, are on the rise. In addition, the MGB continued working closely with affected parties to improve efficiency in managing caseloads and effectively apply resources to handle the increased number of appeal hearings.

Major Consultations

Industrial Property Assessment

In May and June 2006, the department advised municipalities and companies of the proposals arising out of the industrial assessment rate review. Stakeholders were able to access information online about the property assessment impacts of the proposals and were invited to provide comments. The department subsequently adjusted some of the proposed changes in response to feedback, and is expecting to implement the updated assessment rates for the 2008 tax year.

Legislative and Policy Changes

Regulations

The Planning Exemption Regulation was amended on November 23, 2006, to make certain surplus school reserve lands in the City of Edmonton exempt from certain planning and development requirements under the *Municipal Government Act*, allowing for proposed affordable housing to be built on parts of these sites.

The Minister's Guidelines Regulation is a new regulation that confirms and clarifies the Minister's authority to set out standards and procedures for

preparing annual property assessments for regulated properties (oil and gas wells, pipelines, power lines, farmland, etc.). This regulation protects the public interest by ensuring that Alberta's municipalities have stable and predictable property assessment bases in order to raise tax revenues.

The new City of Calgary Rivers District Community Revitalization Levy Regulation allows the City of Calgary to pass a bylaw to apply a levy to the incremental increases in assessed value resulting from community revitalization projects that occur once an assessment baseline has been established. The revenue raised by this levy will be used to assist with the payment of infrastructure and other costs associated with the revitalization.

The Building Code Regulation and the Fire Code Regulation were amended to include secondary suite provisions effective December 31, 2006.

Future Challenges

Alberta is experiencing significant prosperity and economic growth. This results in many pressures, including a shortage of adequate and affordable housing and an increase in homelessness.

The number of growing communities experiencing housing pressures has increased and now encompasses both rural and urban municipalities. Rental rates are higher, while vacancy rates remain at historic lows in many of the larger communities, creating further pressure on rents. In-migration to the province continues to be strong. Lower-income Albertans, whose income has stayed relatively stagnant, are finding it harder to pay for suitable accommodation.

Municipal Affairs and Housing is committed to working with communities and other stakeholders to address the affordable housing shortage. The government is moving towards a community approach, recognizing that communities are in the best position to make decisions regarding their unique housing needs and potential solutions.

Many municipalities and communities are facing challenges to provide the services and infrastructure required by growth and to meet the increasing expectations of the public.

Rising construction costs and availability of workers is continuing to have an impact on the construction and maintenance of municipal infrastructure projects. Availability of contractors and skyrocketing construction costs are making it challenging for municipalities to keep up with the infrastructure demands of a booming economy. Alberta municipalities have received a significant amount of funding from the provincial and federal governments to help them address their infrastructure needs; however, the cost of completing infrastructure projects is often significantly more than when they were budgeted for. Many municipalities are finding it is taking them longer to address their infrastructure needs than originally anticipated.

Many of Alberta's municipalities are struggling to find and retain skilled personnel in Alberta's hot economy. Competition from the private sector and a shortage of qualified professionals in areas such as land-use planning and municipal administration are making it difficult for many municipalities, particularly smaller ones, to attract qualified staff. Some municipalities are also finding it hard to encourage new candidates to run in municipal elections and in some cases to maintain their councils, as Albertans devote less time to volunteer pursuits in this economy.

Communities benefit tremendously from the non-profit/voluntary sector, which plays a crucial role in developing programs and services and fostering citizen participation. However, the voluntary sector is challenged by increasingly busy lifestyles and reduced volunteerism. In the upcoming year, the Alberta government and the non-profit/voluntary sector will work collaboratively to build organizational capacity and work toward solutions for the challenges faced by the sector.

Albertans also want access to information in a timely manner. This has resulted in increasingly complex and growing demands within the public library and archival systems for both traditional and new library services. Public libraries are also impacted by an increasingly diverse population base and expectations for increased service hours. The Ministry will further support public library service by working with communities to address the needs through a province-wide network.

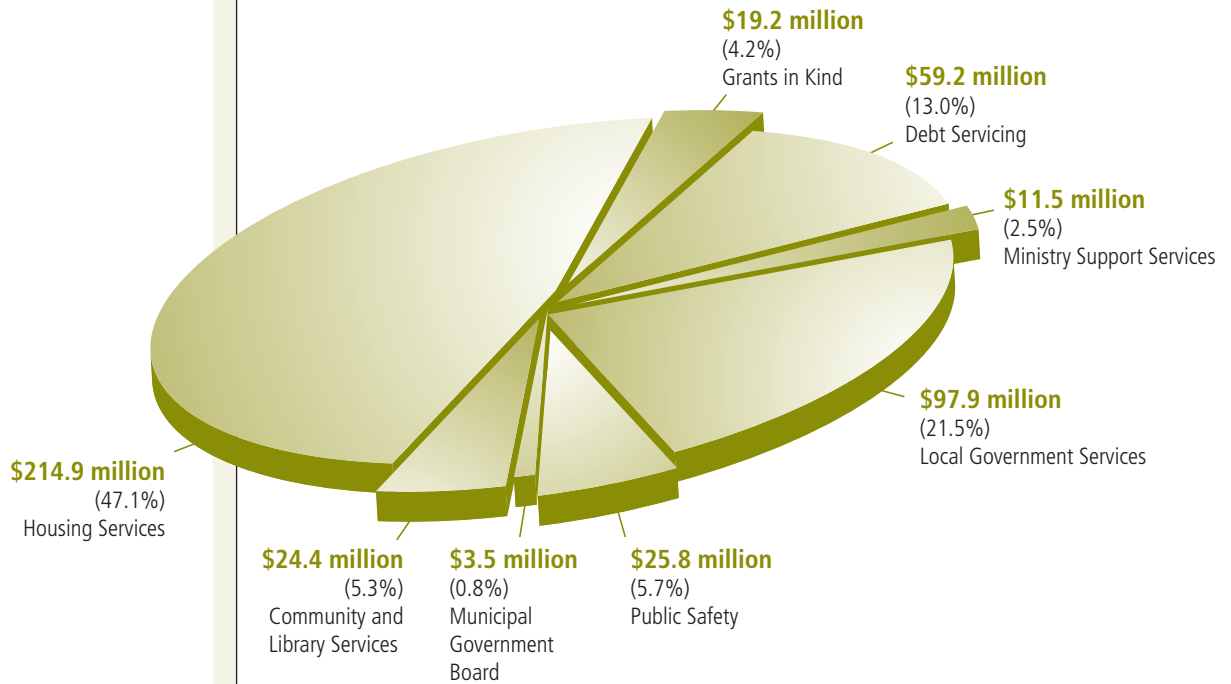
In addition, municipalities across Alberta are finding it increasingly difficult to sustain their volunteer fire services. A key challenge for the Alberta Emergency Management Agency is to find new ways of helping municipalities maintain the technical and operational expertise, inspections and investigations capability, and public education resources their fire services need to provide the best possible emergency services to their communities.

Financial Highlights

Ministry of Municipal Affairs and Housing
For the year ended March 31, 2007
(thousands of dollars)

	2007		2006
	Budget	Actual	Actual
Revenues	\$ 162,332	\$ 178,766	\$ 280,197 (Restated)
Expenses	421,207	457,043	583,612
Net Operating Results	\$ (258,875)	\$ (278,277)	\$ (303,415)
Capital Expenditures	\$ 1,190	\$ 958	\$ 1,151

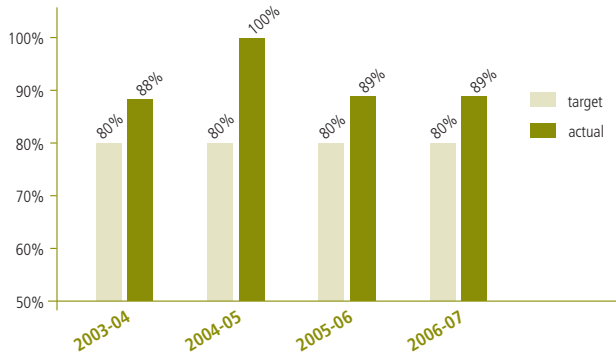
Voted Program Expenses



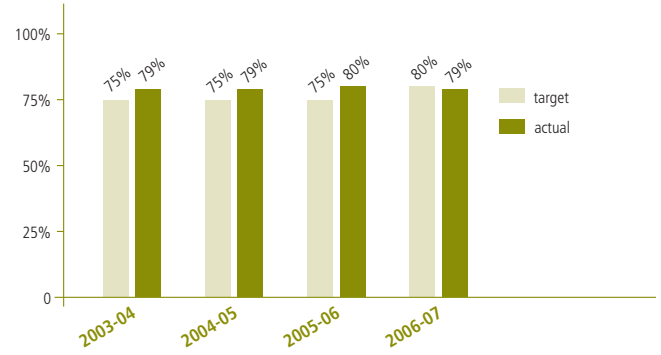
	2007	2006
	(thousands of dollars)	
Assets	\$ 1,025,683	\$ 1,009,516
Liabilities	\$ 659,022	\$ 702,457
Net Assets	\$ 366,661	\$ 307,059

Performance Measures Highlights

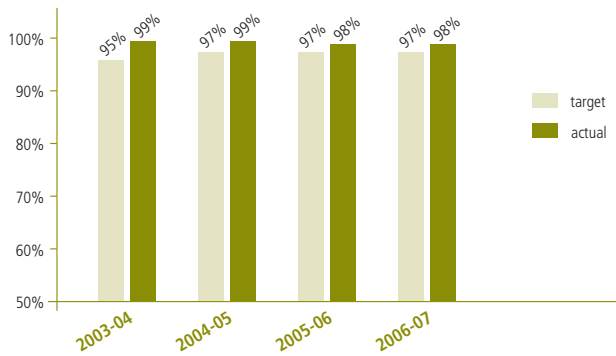
Client satisfaction with Local Government Services



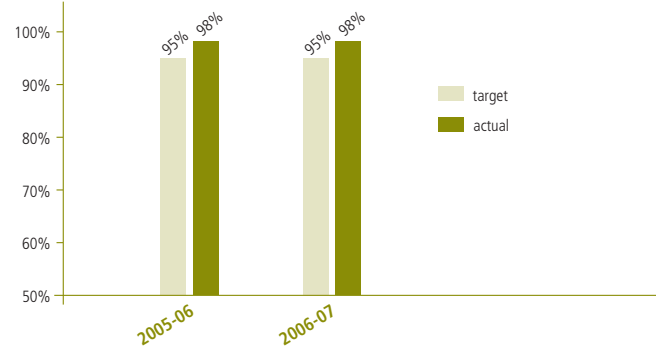
Albertans' satisfaction with their local governments



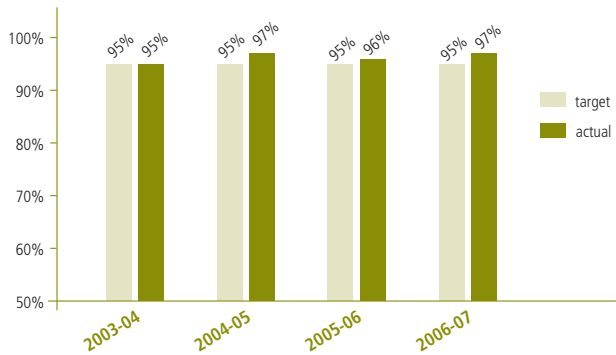
Financially accountable municipalities



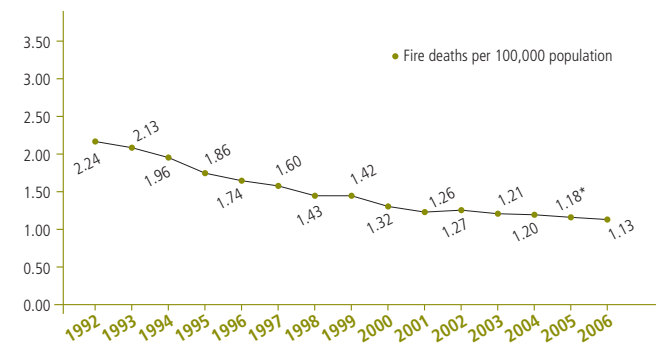
Assessment rolls meet provincial standards for procedures, uniformity and equity



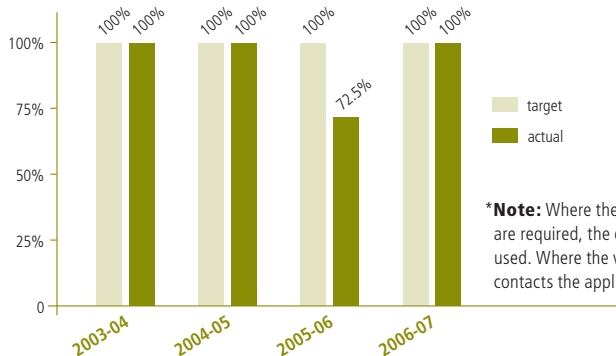
Satisfactory administration of the Safety Codes Act



Ten-year moving average of fire death rate per 100,000 population



Disaster claims within 30 days

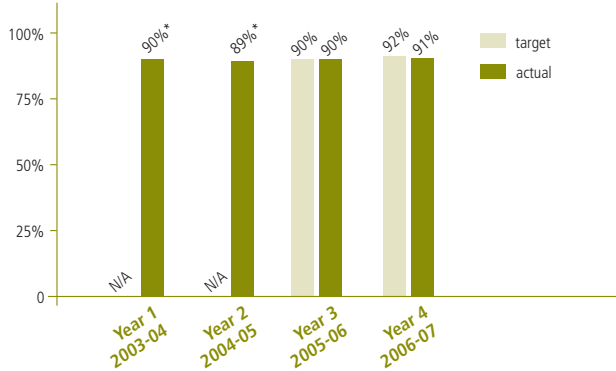


***Note:** Where there is an issue of eligibility and additional investigation and supporting documentation are required, the date the applicant is contacted and additional documentation is requested is the date used. Where the visit by the evaluator is delayed at the request of the applicant, the date the evaluator contacts the applicant is used for tracking purposes.

***Note:** The revised actual (1.18) differs from the audited actual (1.19), due to revision of the number of deaths after the date of calculation. The total number of 40 deaths reported for 2005 at the 2006 audit date was revised to 38 following confirmation from the Medical Examiner's Office that two deaths were not determined fire deaths, as follows: one death, on March 18, 2005, determined by the Medical Examiner's Office to be due to a heart attack was removed from the fire death data; and one death, on September 23, 2005, determined by the Medical Examiner's Office to be due to blunt trauma related to a motor vehicle collision was removed from the fire death data.

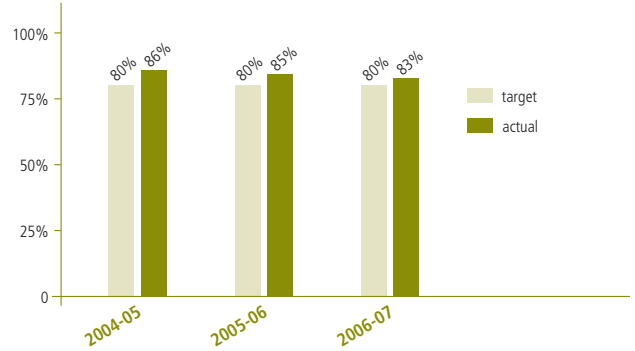
Performance Measures Highlights

Emergency preparedness testing

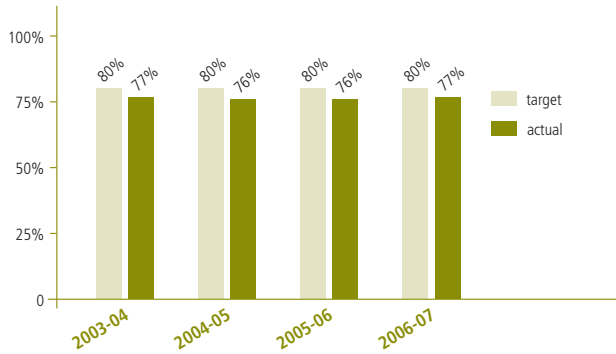


*Note: Restatement of 2003-04 and 2004-05 performance measures to reflect the methodology change introduced in 2005-06.

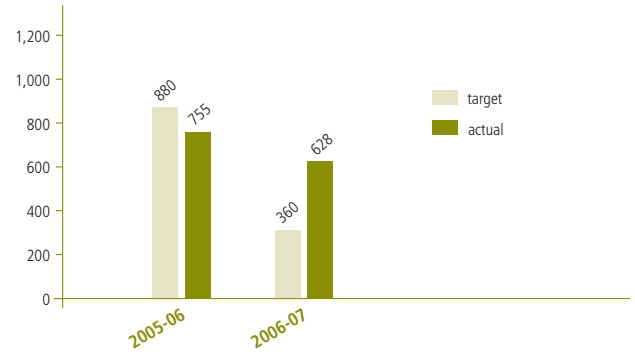
Stakeholder satisfaction with Municipal Government Board



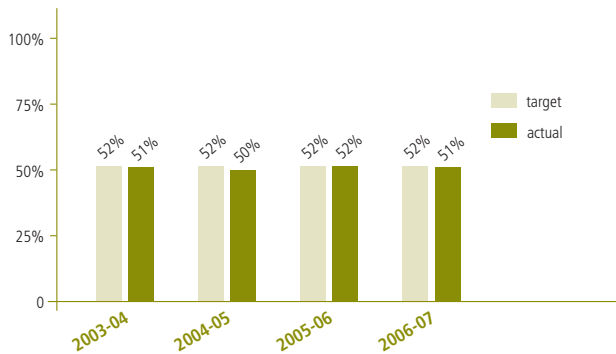
Quality of accommodation provided by housing operators



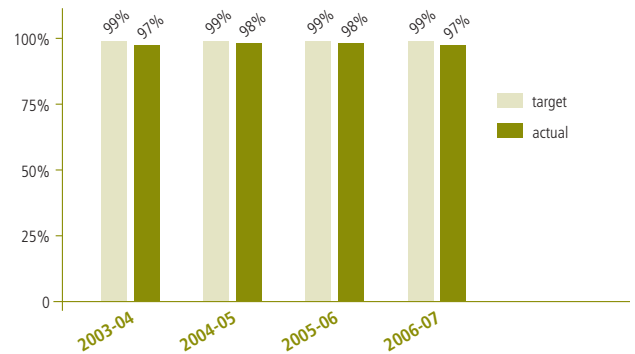
Number of affordable housing units developed with support from provincial funding



Usage of public library services by adult Albertans



Customer satisfaction with capacity building facilitation services and workshops



Source for graphs:

Alberta Municipal Affairs and Housing and Municipal Government Board

RESULTS ANALYSIS

Deputy Minister's Message

Managing growth pressures, providing safe and secure communities and building a stronger Alberta were key to Municipal Affairs and Housing's activities in 2006-07.

Nearly \$80 million was provided for urban and rural affordable housing and homeless initiatives through the department's Housing Services Division. This included creating nearly 780 units of affordable housing across the province; funding assistance for high-growth, high-needs communities; and new housing units, affordable student housing, and repairs to existing homes for off-reserve Aboriginal Albertans.

Municipalities were given further housing options with the official recognition of secondary suites as a safe and affordable type of housing for Albertans. Adopting distinct standards for these types of units in the province's building and fire codes ensures that secondary suites are built and maintained safely, and that municipalities have the tools they need to allow the suites in their communities.

Municipal Affairs and Housing, through the Alberta Emergency Management Agency, continued to work to ensure the province is prepared for a range of emergency events. This included helping municipalities maintain their municipal emergency plans, providing affordable and accessible training programs for fire protection and emergency services personnel, and preparing and updating province-wide response plans for specific threats.

The Ministry also continued to support municipalities through the Municipal Internship Program. With Alberta's aging workforce becoming a concern at the municipal level, the program helps to address succession planning by providing a training program and grants for the wages and expenses of recent graduates who go to work in large and small municipalities across the province. In 2006-07, 15 interns were placed in 16 municipalities, joining 32 previous interns who have remained as full-time permanent employees in the local government field.

These are just a few highlights of the work Municipal Affairs and Housing has done over the past year. Our Ministry's success is a credit to our dedicated, professional staff and our strong management team, who are committed to achieving this department's goals and objectives. We look forward to another challenging year as we continue to serve Albertans.

Original signed by:

Shelley Ewart-Johnson

Deputy Minister, Alberta Municipal Affairs and Housing



Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Performance Measures

To the Members of the Legislative Assembly

Management is responsible for the integrity and objectivity of the performance results included in the *Ministry of Municipal Affairs and Housing's 2006-2007 Annual Report*. My responsibility is to carry out the following specified auditing procedures on performance measures in the annual report. I verified:

Completeness

1. Performance measures and targets matched those included in Budget 2006. Actual results are presented for all performance measures.

Reliability

2. Information in reports from external organizations, such as Statistics Canada, matched information that the Ministry used to calculate the actual results.
3. Information in reports that originated in the Ministry matched information that the Ministry used to calculate the actual results. In addition, I tested the processes the Ministry used to compile the results.

Comparability and Understandability

4. Actual results are presented clearly and consistently with the stated methodology and are presented on the same basis as targets and prior years' information.

I found no exceptions when I performed these procedures.

As my examination was limited to these procedures, I do not express an opinion on whether the set of measures is relevant and sufficient to assess the performance of the Ministry in achieving its goals.

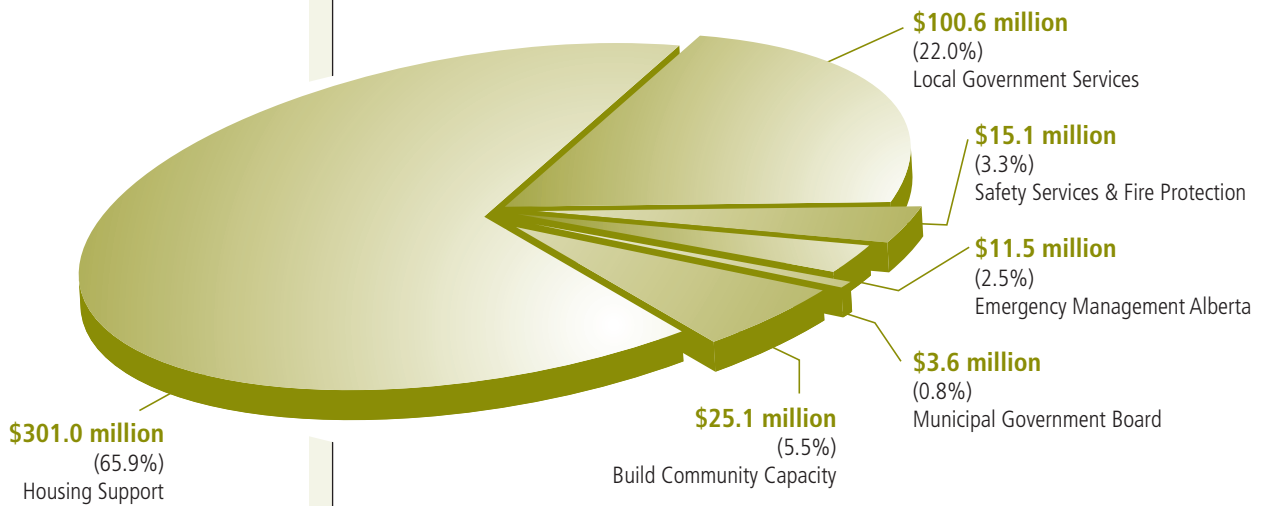
Original Signed by
Fred J. Dunn, FCA FCA
Auditor General

Edmonton, Alberta
August 2, 2007

Expense by Core Business

Ministry of Municipal Affairs and Housing
For the year ended March 31, 2007
(thousands of dollars)

	2007		2006
	Budget	Actual	Actual
			(Restated)
Local Government Services	\$ 116,781	\$ 100,635	\$ 104,572
Safety Services & Fire Protection	7,737	15,145	7,313
Emergency Management Alberta	7,356	11,542	177,760
Municipal Government Board	3,148	3,633	3,423
Provide a range of housing options and supports for lower-income Albertans	260,774	300,977	245,292
Build Community Capacity	25,411	25,111	45,252
	<u>\$ 421,207</u>	<u>\$ 457,043</u>	<u>\$ 583,612</u>



The Ministry Support Services expenses and valuation adjustments, as reported on the Statement of Operations, have been allocated to each core business. Also the Public Safety Division support expenses are allocated between the Safety Services and Fire Protection and Emergency Management Alberta core businesses.

Expense by Function

Ministry of Municipal Affairs and Housing
 For the year ended March 31, 2007
 (thousands of dollars)

	2007		2006
	Budget	Actual	Actual
			(Restated)
Protection of Persons and Property	\$ 42,734	\$ 49,911	\$ 181,757
Regional Planning and Development	62,934	58,353	85,392
General Government	36,657	31,135	30,944
Recreation and Culture	24,733	24,385	44,469
Housing	157,531	210,767	197,201
Social Services	30,839	23,272	4,866
Debt Servicing	65,779	59,220	38,983
	<u>\$ 421,207</u>	<u>\$ 457,043</u>	<u>\$ 583,612</u>

Goals, Results and Measures by Core Business

Core Business One – Local Government Services

Goal 1: An effective, responsive, co-operative and well-managed local government sector.

Results

- Continued to work with the Minister's Council on Municipal Sustainability, supporting and facilitating the Council's exploration of key municipal issues, including the examination of intermunicipal relationships, municipal roles and responsibilities and municipal revenue sources.
- Worked closely with the Ministries of Finance, Treasury Board, and Infrastructure and Transportation in developing a new initiative designed to provide municipalities with predictable, sustainable funding. This program was announced subsequent to the fiscal year on April 24, 2007.
- Provided \$1.09 million in grants to 13 partnerships under the Regional Partnerships Initiative to explore shared services and related partnership opportunities in their respective regions.
- Assisted municipalities in finding solutions for 18 disputes involving 31 municipalities through the Intermunicipal Dispute Resolution Program.
- Continued to work with three municipalities through the Local Dispute Resolution program, and began new discussions with six additional municipalities. This program deals with issues such as public policy disputes, disputes about policy implementation or municipal administration, organizational and administrative conflict, contractual disputes and/or legal practices and alternatives to litigation.
- Worked with municipalities to ensure that they are positioned to comply with the new capital asset accounting standard, which will require municipalities to inventory, track and report on the value of their capital assets beginning in 2009.
- Placed 15 interns in 16 municipalities through the 2006-07 Municipal Internship Program. This program aims to help Alberta municipalities with their staffing needs around succession planning by developing administrative leaders for the future, providing a comprehensive training program and helping to pay some of the interns' wages and expenses.

- Held the *Be On the Ballot: Women Impacting Local Government* conference. The conference's goals were to communicate the reality of politics, illustrate how important it is to have female representation, set out the strategies of women currently involved in municipal government, and to inspire, inform and assist women either entering or thinking about getting involved in municipal politics.
- Issued the 2006 Official Population List, which shows the official population figures of municipalities and Métis settlements as of September 1, 2006. This list is used by a number of provincial government departments to support decisions relating to their grant programs.

Measure

Level of satisfaction with the Local Government Services (LGS) Division's activities, services and programs, in enabling and promoting a co-operative and well-managed local government sector. It calculates the percentage of units within LGS that achieved their individual performance targets. Unit performance is determined through a satisfaction survey of stakeholders.

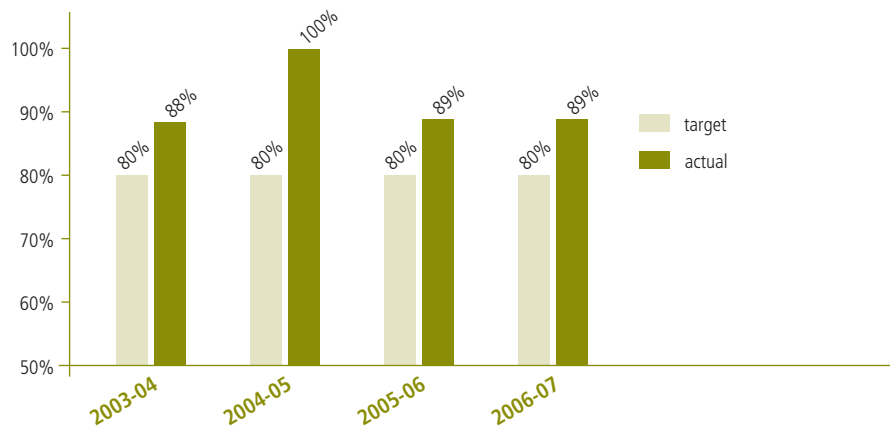
Performance Measure

Description: Stakeholder satisfaction rates are a strong indicator of the effectiveness of Municipal Affairs and Housing's activities, services, programs and legislative framework, which are designed to enable, promote and support an effective, responsive, co-operative and well-managed local government sector. An annual client satisfaction survey measures stakeholders' satisfaction with the services they received from the Local Government Services (LGS) division.

Target: 80 per cent

Actual Results: The target was exceeded in 2006-07 with an actual result of 89 per cent.

Client satisfaction with Local Government Services



The target has been either met or exceeded each year since the measure was established. This year's actual results indicate a high level of satisfaction with the services provided by LGS to promote, enable and support an effective, responsive, co-operative and well-managed local government sector. In the 2007-10 business plan, the target has been increased to 89 per cent to better reflect the results that have been achieved in the past.

Analysis

The measure is calculated based on the percentage of the units within Local Government Services (LGS) that achieved their performance targets, which accounts for the large variance in actual results from year to year. The target is set so that it is not met if more than one unit does not achieve their individual client satisfaction target.

In 2006-07, eight of nine LGS units either met or exceeded their targets. The Regulated Assessment Policy Unit (RAP) set a service target of 70 per cent for 2006-07 while actual results were 56 per cent. Due to the reorganization of services in the Assessment Services Branch, two services previously delivered by RAP were reassigned to the Education Tax and Assessment Advisory Unit, which negatively affected RAP's satisfaction rate. The remaining RAP question asks about respondents' satisfaction with "municipal assessment services" provided by the unit.

The instrument has been modified somewhat since it was developed in 2000 to reflect business changes within LGS, but these changes do not affect the meaning of the survey; thus the results are still comparable to those of previous years.

Units within Local Government Services that achieved their performance targets

Local Government Services Unit	Target by Unit	Result Attained	Met Target (Yes/No)
Planning and Co-ordination Unit	80 per cent overall satisfaction	82 per cent	Yes
Legislative Projects Unit	80 per cent overall satisfaction	87 per cent	Yes
Municipal Advisory Services Unit	80 per cent overall satisfaction	95 per cent	Yes
Grants and Administration Unit	81 per cent overall satisfaction	93 per cent	Yes
Municipal Organizational Development Unit	75 per cent overall satisfaction	95 per cent	Yes
Linear Property Assessment Unit	65 per cent overall satisfaction	79 per cent	Yes
Education Tax and Equalized Assessment Unit	74 per cent overall satisfaction	74 per cent	Yes
Regulated Assessment Policy Unit	70 per cent overall satisfaction	56 per cent	No
Assessment Audit Unit	65 per cent overall satisfaction	76 per cent	Yes
Percentage of Units Meeting Their Targets	80 per cent of the units meet their targets	89 per cent	Yes

Measure

Albertans' satisfaction with their local governments

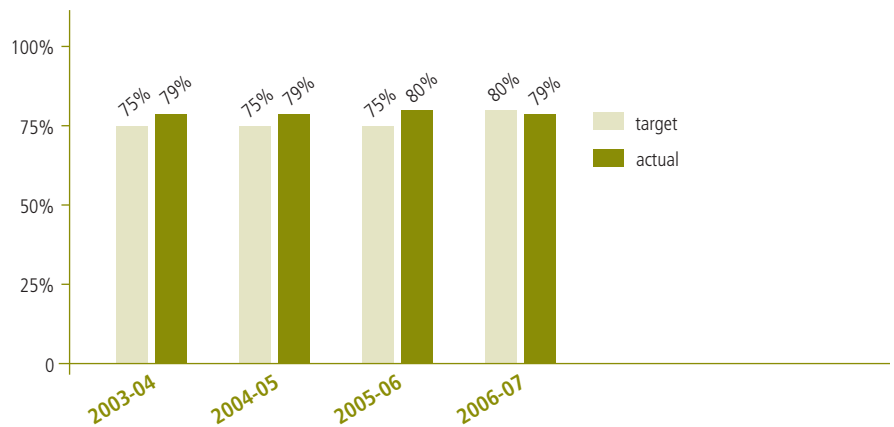
Performance Measure

Description: Municipalities provide a broad range of services to Albertans where they live, work and participate in recreational activities. The Government of Alberta assists municipalities through policies and programs that encourage the development of strong and vibrant communities. Funding and services are provided by the provincial government to a variety of local government entities throughout the province to help maintain responsive, well-managed, sustainable and accountable local governments.

Target: 80 per cent

Actual Results: The target was not met, with an actual result of 79 per cent.

Albertans' satisfaction with their local governments



Analysis

The results indicate a fairly constant level of satisfaction among Albertans with their municipal government. The target of 75 per cent satisfaction had been exceeded by three to five percentage points each year since the measure was developed; therefore a new target of 80 per cent was established in the 2006-09 business plan for the next three years.

Goal 2: Financially sustainable and accountable municipalities.

Results

Administered the following grant programs in support of municipalities:

- \$31.1 million through the Grants in Place of Taxes Program, which provides municipalities with a grant equivalent to the property taxes that would be recoverable on crown property if it were not exempt from taxation, as well as the municipal portion of property taxes on non-profit, unsubsidized, self-contained seniors accommodations.
- \$16.3 million in unconditional grants that included \$1.1 million under the Regional Partnerships Initiative to 13 partnerships to explore shared services and related partnership opportunities in their respective regions.
- \$13.5 million through the Municipal Sponsorship Program to improve governance, intermunicipal co-operation, administrative services or service delivery practices. Funding was provided to 336 municipalities for a variety of projects, including the five priority categories that relate to: energy efficiency; infrastructure management; emergency services; sustainability and land-use planning; and water and wastewater treatment and distribution/collection systems.
- \$2.1 million through the Municipal Debenture Interest Rebate Program, which subsidizes the interest paid by municipalities on certain high-interest debenture borrowings from the Alberta Capital Finance Authority.
- \$13.5 million to 191 local authorities to help them address various municipal matters including:
 - \$1.8 million to subsidize loan interest for 71 municipalities that have borrowed funds under the *ME first!* program, which was introduced in 2003 to support projects that improve energy savings and reduce greenhouse gas emissions.
 - \$3.4 million to the Regional Municipality of Wood Buffalo to cover the interest for its loan from the Alberta Capital Finance Authority to help facilitate the construction of urgently needed infrastructure in the region, and \$150,000 to conduct project management training for its municipal staff.
 - \$2.0 million to the Town of Cochrane to provide water and sewer services to the Bow Valley High School.
 - \$1.6 million to the Town of Banff for its downtown infrastructure rehabilitation.
 - \$893,000 to municipalities to participate in the 2007-08 Municipal Internship Program. This funding will support 15 administrator interns in 17 municipalities, and seven land-use planner interns in five municipalities and two service agencies, as well as allow three interns from the 2006-07 program to participate in a two-year internship pilot in 2007-08.

- \$748,250 to the Municipality of Jasper for the Hazel Avenue CN Rail Underpass project, and \$145,000 for phase 2 of the Central Business District Utility and Street Upgrade.
- \$571,000 to the Town of Rimbey to upgrade the storm sewer system servicing the Rimbey Hospital and the Provincial Building.
- \$306,000 to the Alberta Association of Municipal Districts and Counties to assist with planning, research and various administrative costs.
- \$300,000 to the University of Calgary, in partnership with the City of Calgary, to support the initial three-year implementation of the Urban Research Alliance project to conduct research into urban issues both on a local and broader level.
- \$248,400 to the Alberta Urban Municipalities Association for a project manager position for the MuniShare project, a partnership initiative to develop and implement a shared, web-enabled suite of application software for use by municipalities across the province; \$55,000 to support a detailed review of key municipal services for the Minister's Council on Municipal Sustainability; and \$30,000 to support convention expenses.
- \$243,015 to various municipal entities for the Minister's Council on Municipal Sustainability to undertake projects relating to municipal matters such as municipal operation and organization.
- \$208,000 to the Townsite of Redwood Meadows as an equivalent grant to municipal per capita allocations under the Alberta Municipal Infrastructure Program to install water meters and upgrade the fire hall, and \$13,050 to upgrade the Redwood House.
- \$190,000 to the Society of Local Government Managers of Alberta to provide local authority training for potential candidates and election officials.
- \$127,000 to the City of Calgary to support the 2007 Federation of Canadian Municipalities 70th Annual Conference and Municipal Expo and the annual conference of the Canadian Association of Municipal Administrators.
- \$126,645 in mediation grants to 12 municipalities for dispute resolution.
- \$125,000 to the County of Two Hills to explore an alternative governance model of a specialized municipality.
- \$100,000 to Lakeland County to offset the costs related to the amalgamation process with the Town of Lac La Biche.
- \$100,000 to Yellowhead County to enhance the Yellowhead Regional Emergency Services Communications Centre.

Measure

Percentage of municipalities meeting Ministry's criteria of financial accountability as established in the *Municipal Government Act*.

Performance Measure

Description: The source for the measure is the *Municipal Government Act* (MGA). The MGA does not contain a definition of "financial sustainability and accountability." However, there are legislated limits and indicators that, if consistently exceeded, would indicate major financial management stress, if not failure. These include:

Section 244: sets a criterion that if the sum of the three previous years' revenues, transfers and expenditures place the municipality in a deficit position that has to be rectified in the fourth year's operating budget;

Section 252: prohibits borrowing unless it is within the debt limit or is approved by the Minister. The Debt Limit Regulation sets limits on municipal debt in two ways (debt and debt service);

Section 278: obligates the municipality to submit an audited prescribed financial information return and audited financial statements by the legislated date; and

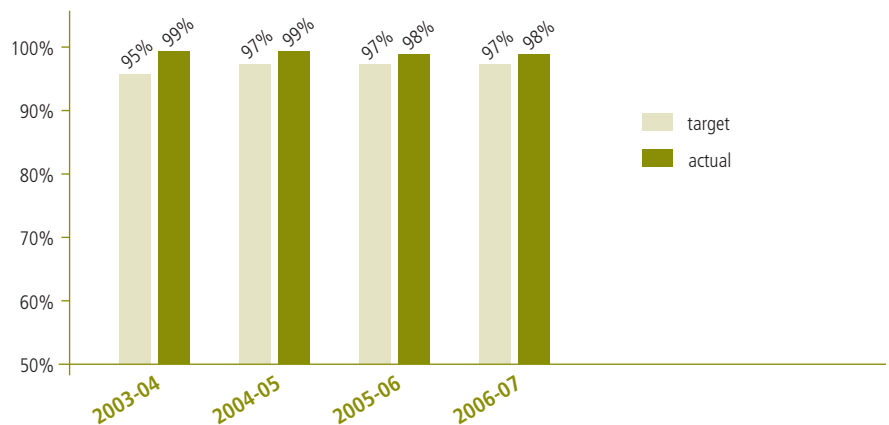
Section 282: authorizes the Minister to appoint an auditor to review the financial affairs of the municipality under certain circumstances.

Exceeding any one of these limits does not necessarily imply a lack of sustainability. However, a pattern of exceeding the limits regularly or not addressing the associated problem proactively is a good indicator of financial or other viability issues.

Target: 97 per cent

Actual Results: The target was exceeded in 2006-07 with an actual result of 98 per cent.

Financially accountable municipalities



The result for each of the years as calculated provides thresholds of tolerance against which to examine future years' results. As the target of 97 per cent has been exceeded in each of the years since 2002-03, in the 2007-10 business plan the target was increased to 98 per cent.

Analysis

The target has been exceeded each year since the measure was established. Actual results in 2006-07 were identical to results achieved in 2005-06. This indicates a high level of achievement towards the goal of financially sustainable and accountable municipalities.

The actual results indicate that there are a minimal number of municipalities with serious accountability problems. Alberta Municipal Affairs and Housing continues to review municipal financial information and provide assistance and financial advice as required and requested.

The Village of Empress has not yet submitted their financial information for 2005 and is therefore counted as a municipality that has not met the Ministry's criteria of financial accountability. At the time of writing, a request has been put forward by the Special Areas Board, which has taken over the administration of Empress, for an extension to submit this information; however, this extension has not yet received ministerial approval.

Goal 3: A well-managed and efficient assessment and property tax system in which stakeholders have confidence.

Results

- Reviewed the annual assessments prepared by municipalities. This annual audit process determines whether the assessment information reported to the department by the municipality meets the standards for assessment quality set out under provincial regulations.
- Conducted detailed assessment audits as scheduled for the cities of Edmonton and Calgary. The department conducts a comprehensive review of the assessment procedures of each municipality in the province on a five-year cycle, and 2006-07 marked the start of a new cycle for this detailed audit program.
- Held six information sessions across the province with 146 municipal chief administrative officers and property assessors to discuss a number of assessment- and tax-related topics.
- Delivered training presentations to Assessment Review Boards (ARB), Lakeland College, the Alberta Assessors' Association functions and in support of the municipal internship training programs. This participation in client training programs contributes to the knowledge base and expertise of assessment professionals, municipal administration staff and ARB members and clerks.
- Prepared the 2007 equalized assessment using data supplied by each municipality. The equalization process adjusts all taxable property assessments in the province to a common level in order to equitably allocate the \$1.475 billion in education property taxes that was requisitioned from municipalities in 2006. The total provincial equalized assessment increased from \$341 billion in 2006 to \$390 billion in 2007, an increase of approximately 14 per cent.

- Prepared the annual assessments of linear properties on behalf of Alberta municipalities. The total assessed value of linear property increased by 22 per cent for the 2007 tax year, from \$44.8 billion in 2006 to \$54.8 billion in 2007. For the 2007 tax year, linear property will generate an estimated \$800 million in property tax revenue, up from the 2006 estimate of \$667 million. The majority of the increase relates to wells and pipelines in the oil and gas sector.
- Provided a number of information sessions in February 2007 to give stakeholders insight into the linear assessment process and policies. The sessions were held in Edmonton, Calgary and Grande Prairie. Stakeholder feedback was positive and annual sessions are being considered. The sessions were one way in which linear property assessment staff helped to maintain an open and transparent relationship with municipal and industry stakeholders.
- Responded to linear property assessment appeals to the Municipal Government Board involving approximately 22,000 properties. The appeal process helps to maintain assessment fairness and equity as required under Alberta legislation and regulations.
- Completed the review of the valuation of 496 provincially owned properties in 24 municipalities within targeted timelines. The review process resulted in a reduction of \$125,855 in grants paid to municipalities in place of property taxes on provincially owned properties.

Performance Measure

Measure

Percentage of municipal assessment rolls that meet provincial standards for procedures, uniformity, and equity.

Description: This performance measure is a statistical indicator of the overall level of compliance with the quality standards in the Matters Relating to Assessment and Taxation Regulation of the *Municipal Government Act* (MGA).

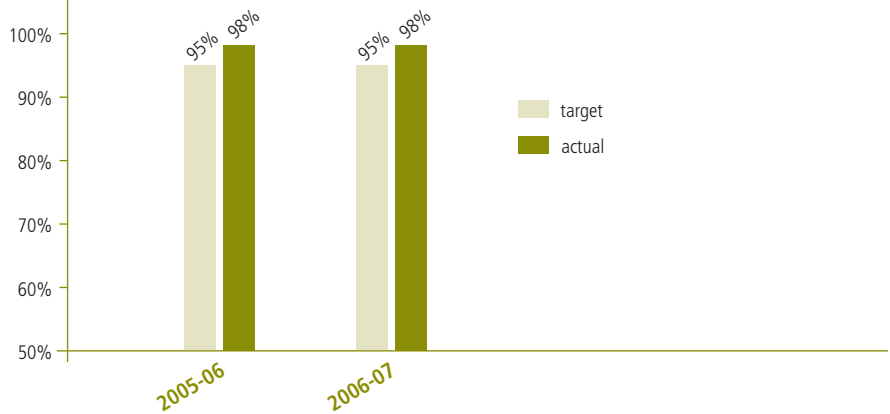
Part of Alberta Municipal Affairs and Housing's role in the assessment and property tax system in Alberta is to communicate assessment standards, and monitor the property assessments carried out by municipalities to ensure that a municipality's assessment meets regulated quality standards and is a fair basis for inter-municipal cost-shared programs, such as education. Further, the department monitors municipal assessment quality to ensure that assessments are distributed fairly within municipalities. Measuring compliance trends over time will demonstrate the department's effectiveness in improving the system. This is important in an environment where the preparation of assessments has been decentralized and is now performed by municipal contractors and municipal employees. It supports the government's goal to build a stronger Alberta because an efficient, stable and uniform assessment base within and between municipalities promotes a climate conducive to investment, wealth generation and job creation.

The annual audit is the method used to monitor assessment quality following the Matters Relating to Assessment and Taxation on Regulation. The objective of the annual audit is to verify whether municipal assessments meet regulated quality standards.

Target: 95 per cent

Actual Results: The target was exceeded in 2006-07 with an actual result of 98 per cent.

Assessment rolls meet provincial standards for procedures, uniformity and equity



In the 2007-10 business plan, the target was increased to 98 per cent to reflect previous year's results.

Analysis

The result is comprised of two property categories: residential and non-residential. Both property categories met the target. In the residential property category, seven out of 354 municipalities (1.98 per cent) had assessment levels outside of 0.95 and 1.05, the acceptable range for median assessment ratios. In the non-residential property type category, four out of 320 municipalities (1.25 per cent) had assessment levels that were outside of the acceptable range. Overall, the results show that a vast majority of municipalities are achieving compliance with the *Municipal Government Act* and the quality standards in the Matters Relating to Assessment and Taxation Regulation.

Although the measure has existed in the Business Plan since 2001, there were three changes to the assessment process in 2004-05 that affected how the measure was calculated. The 2004-05 target was established prior to the changes in business and methodology and therefore is not directly comparable with 2004-05 actual results. Previous years' actual results are similarly not comparable to results achieved since 2004-05 and therefore are not included.

Financial Information for Core Business 1

Local Government Services

Fiscal 2007 Actual Compared to Fiscal 2007 Budget (thousands of dollars)

As reported on Schedule 5 to the Department of Municipal Affairs and Housing financial statements (page 114 of the annual report), Local Government Services (LGS) can be shown as follows:

Local Government Services	2006-07 Estimates	Authorized Supplementary	2006-07 Authorized Budget	2006-07 Actual Expenses	Unexpended (Over Expended)
Division Support					
-Operating Expense	\$ 8,209	\$ —	\$ 8,209	\$ 5,661	\$ 2,548
Municipal Services	8,959	—	8,959	7,072	1,887
Assessment Services	7,421	—	7,421	8,625	(1,204)
Unconditional Municipal Grant					
-Operating Expense	3,655	—	3,655	2,283	1,372
-Operating Expense Funded by Lotteries	14,000	—	14,000	14,000	—
Municipal Debenture Interest					
Rebate Program	2,200	—	2,200	2,130	70
Grants in Place of Taxes	36,657	—	36,657	31,135	5,522
Financial Support to Local Authorities	18,969	—	18,969	13,535	5,434
Municipal Sponsorship					
-Operating Expense	1,700	—	1,700	1,491	209
-Operating Expense Funded by Lotteries	12,000	—	12,000	12,000	—
	\$ 113,770	\$ —	\$ 113,770	\$ 97,932	\$ 15,838

LGS incurred expenses of \$97.932 million for fiscal 2006-07 which came in under the \$113.77 million authorized budget by \$15.838 million, or 13.92 per cent.

The biggest contributors to the unexpended amount were Divisional Support, Municipal Services, Grants in Place of Taxes and Financial Support to Local Authorities. Divisional Support and Municipal Services were under-expended as a result of less restructuring activity and a delay in program reviews. These savings were somewhat offset by an over-expenditure in Assessment Services due to legal costs associated with linear property assessment appeals and equalized assessment appeals.

The Grants in Place of Taxes program was not fully expended as construction on new crown properties was delayed and higher assessments from increases in market values and moderately higher municipal tax rates did not materialize as anticipated.

Financial Support to Local Authorities was in part not fully expended as there was a delay in advancing the loan to the Regional Municipality of Wood Buffalo thereby reducing the interest payable. Additionally, the *MEfirst!* program funding uptake was lower than anticipated.

The Expense by Core Business report (page 24 of the annual report) includes the indirect allocation of the ministry support services expenses and the valuation adjustments.

Capital Expenditures

	2006-07 Estimates	Authorized Supplementary	2006-07 Authorized Budget	2006-07 Actual Expenses	Unexpended (Over Expended)
Local Government Services Capital Investment	\$1,090	\$ —	\$1,090	\$455	\$635

Local Government Services (LGS) incurred capital expenditures of \$0.455 million and came in under the \$1.09 million budget by \$0.635 million, or 58.26 per cent. Projects with ongoing development work in fiscal 2006-07 were the Alberta Linear Property Assessment System (ALPAS), the Assessment Shared Services Environment (ASSET), and the Municipal Excellence Program.

Fiscal 2007 Actual Compared to Fiscal 2006 Actual (thousands of dollars)

	2006-07	2005-06	Decrease
Local Government Services	\$ 97,932	\$ 102,626	\$ (4,694)

As reported on the Statement of Operations (page 77 of the annual report), LGS incurred \$97.932 million in fiscal 2006-07 operating expenses compared to \$102.626 million in fiscal 2005-06. The result was a decrease of \$4.694 million, or 4.57 per cent. The net decrease in 2006-07 was primarily due to Targeted Assistance grants paid out in 2005-06.

Core Business Two – Safety Services and Fire Protection

Goal 4: A comprehensive safety system that provides an appropriate level of public safety.

Results

- Developed a draft bylaw to guide municipalities that choose to allow for the zoning of secondary suites in their jurisdictions.
- Presented a number of seminars to educate and support safety codes inspectors from across the province. These seminars help keep inspectors from municipalities, agencies and corporations up-to-date on the latest developments in safety codes and their application.
- Reached an agreement with all other provinces and territories to update the model National Energy Code for Buildings for possible future adoption by the provinces and territories.
- Co-ordinated the installation of 500 smoke alarms in the homes of elders and families with young children on five First Nations Reserves under the Yellowhead Tribal Council. This initiative was a joint project conducted by the Alberta Emergency Management Agency's Office of the Fire Commissioner, the Yellowhead Tribal Council and the American National Fire Protection Association.
- Administered grants to site owners through the Underground Petroleum Storage Tank Site Remediation Program. Significant progress was made during 2006-07, with 26 cleanups completed for a total of 684 sites remediated since the program began in 2000. In addition, 334 applications for funding assistance were accepted under a new Tank Site Remediation Program that picks up where the original program left off.
- Established a cross-government committee to review concerns that have been raised regarding ongoing issues with Aboriginal-municipal fire services. The committee has begun holding meetings to bring officials from First Nations, Métis Settlements and municipal governments together to identify issues and discuss ways of providing all groups with access to reliable fire services, including information on how to improve fire prevention in their communities.
- Worked with the Alberta Fire & Injury Prevention Educator's Network to identify five priority areas for fire and unintentional injury risks to Albertans. Five working groups have been formed to tackle the issues involved with risks to seniors (injuries and falls); home/residential fires and injuries; arson and vandalism fires; motor vehicle related injuries; and injuries among teens and young adults, and to recommend strategies for addressing them.
- Provided \$500,000 in grants to allow 26 regional training centres throughout the province to conduct certified training courses for firefighters from surrounding departments. During 2006-07, more than 2,000 firefighters took part in more than 200 courses funded under the Fire Services Training

Initiative covering topics from dangerous goods operation to incident command training.

- Established a project charter for a 'Provincial Permit Repository' system in collaboration with the Safety Codes Council, the City of Edmonton and the City of Calgary that will allow and encourage all permit-issuing bodies to contribute to a provincial permit database.
- Held six workshops to train fire service members on teaching the *Getting to Know Fire* curriculum. The curriculum and supporting resources provide lessons and teaching techniques, to all age groups, that help increase retention of information on fire safe behaviours.
- Co-ordinated the 2006 Fire Prevention Week campaign in co-operation with 319 municipal fire departments and Alberta Weekly Newspaper Association members, increasing advertisement by 40 per cent over previous years. The Alberta Emergency Management Agency's Office of the Fire Commissioner also partnered with its counterparts in British Columbia, Saskatchewan and Manitoba in developing and implementing the Children's Program for the 2006 campaign.
- Promoted fire prevention and safety awareness through the annual Winter, Holiday and Summer Fire Safety Campaigns. Each campaign provided an information kit to the media, fire departments and schools outlining specific hazards for the seasons, related fire statistics and applicable prevention and safety tips.
- Supported working groups of the Fire Services Advisory Committee (FSAC) in conducting research on risk management and community capacity, skills, competency and leadership, technical standards, and public education and prevention.
- Initiated phase two of the Alberta Risk Protocol project to examine the feasibility of developing the software tool as a cost-effective risk management resource for Alberta communities.
- Hosted the 2006 presentation ceremony for the Alberta Fire Services Exemplary Service Medal at the Royal Alberta Museum and assisted the Lieutenant Governor's office with presenting the medal to the 100 honourees in attendance.
- Initiated an IT project to upgrade the insurance industry's method of reporting fire incidents to the Alberta Emergency Management Agency. The project will improve the accuracy of fire damage reporting in the province by allowing a move from mailing hard copy reports to sending electronic forms through the Fire Electronic Reporting System.
- Awarded Alberta Emergency Services Medals to 309 of the province's emergency services personnel during 2006 to recognize their vital role in protecting Alberta's communities.
- Acknowledged the five- and ten-year accreditation milestones of 251 Alberta municipalities with the *Municipal Safety Recognition Award*. These awards help Alberta Municipal Affairs and Housing and the Safety Codes Council recognize the important role in the province's safety system played by municipalities that are accredited to provide safety services in their jurisdictions.

Performance Measure

Measure

The percentage of assessed accredited municipal entities, corporations, agencies, and delegated administrative organizations administering the *Safety Codes Act* that achieve a satisfactory rating.

This key performance statistic gives an indication of the overall health of the safety system by measuring the degree to which accredited organizations are effectively administering safety programs.

Description: This measure monitors performance and promotes continuous improvement in the effectiveness and uniformity of permitting and inspection services delivered under the act. Application of permitting and inspection services give Albertans confidence that the homes, buildings and facilities where they work, live and do business, and the associated equipment such as elevators and electrical, heating and plumbing systems, are constructed and maintained to safe standards.

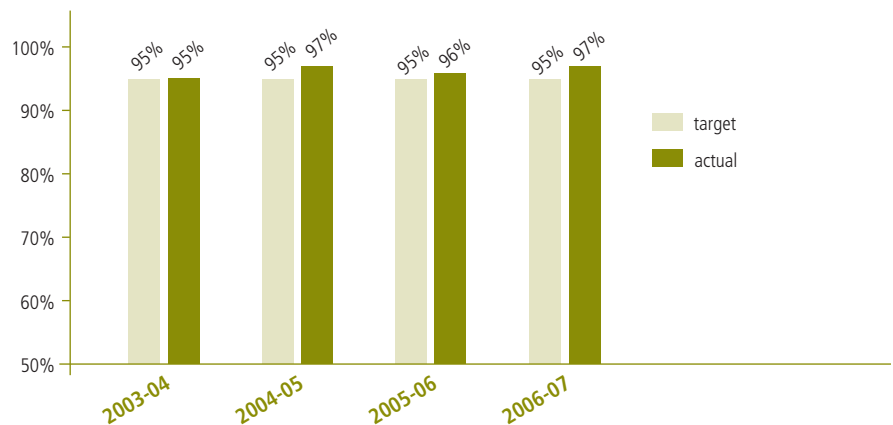
The Safety Codes Council is responsible under the act for accrediting organizations and formulating codes and standards for accreditation, including establishing their Quality Management Plans (QMPs). Municipal Affairs and Housing monitors the performance of these entities against their QMPs.

Target: 95 per cent

Actual Results: 97 per cent of assessed accredited municipal entities, corporations, agencies and delegated administrative organizations administering the act achieved a satisfactory rating. This result exceeds the 2006-07 target.

This measure has been in use consistently since 1998-99 fiscal year.

Satisfactory administration of the *Safety Codes Act*



Analysis

Municipal Affairs and Housing exceeded its performance target of 95 per cent for 2006-07 with a result of 97 per cent. This is a one per cent increase over last year's rating and can be attributed to two less accredited municipal entities receiving an unsatisfactory performance rating and 10 more municipalities and corporations being monitored as compared to 2005-06. The department will work with those entities scoring unfavourable performances and review them again next year.

Municipal Entities – 99 per cent of the 102 accredited municipal entities reviewed achieved a satisfactory performance rating, a two per cent increase from the previous year. Of the three municipalities that scored less than satisfactory in 2005-06, two have made subsequent improvements and received a satisfactory score. Municipal entities requesting accreditation have increased this year, showing strong support for the program.

Corporations – 93 per cent of the 44 accredited corporations reviewed this year achieved a satisfactory performance rating, a two per cent increase over last year. Three corporations again scored below the satisfactory rating and were rescheduled to be monitored in the 2007-08 fiscal year. Additionally, in accordance to the prior year's files, three corporations are rescheduled to be monitored (in the fire discipline) in the 2007-08 fiscal year.

Agencies – A satisfactory rating was achieved by 100 per cent of the 10 accredited agencies under contract with the department, with an average score of 93 per cent.

Delegated Administrative Organizations (DAOs) – All three of the DAOs (the Petroleum Tank Management Association of Alberta, the Alberta Elevating Devices and Amusement Rides Safety Association, and the Alberta Boilers Safety Association) were assessed and achieved satisfactory ratings in 2006-07. No significant change in scores was observed this year compared to last year.

Performance Measure

Measure

Fire deaths per 100,000 population (10-year moving average).

Description: Fatalities occur in fires due to exposure to the products of combustion – smoke, flames and heat. Reducing fire injuries and deaths is important in maintaining Alberta as a safe place to live and raise families.

Protecting people from fire involves three approaches: prevention of fires; early detection and warning of fire and smoke with smoke/fire alarms; and proper emergency responses during fire emergencies.

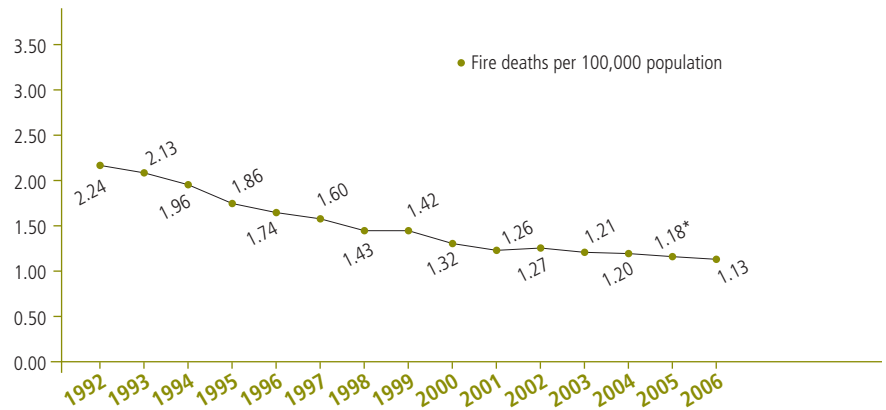
The effectiveness of all three approaches is reflected in the number of fires that occur and the resulting consequences in the form of injuries, deaths and property damage. This measurement is an effective indicator of the outcome of fire.

The Alberta government supports a variety of activities to achieve reductions in the number of fire deaths in the province. The fire deaths per 100,000 population measure is therefore a good overall fire safety and prevention indicator.

Target: Less than or equal to the 2005-06 actual fire deaths per 100,000 population (10-year moving average).

***Note:** The revised actual (1.18) differs from the audited actual (1.19), due to revision of the number of deaths after the date of calculation. The total number of 40 deaths reported for 2005 at the 2006 audit date was revised to 38 following confirmation from the Medical Examiner's Office that two deaths were not determined fire deaths, as follows: one death, on March 18, 2005, determined by the Medical Examiner's Office to be due to a heart attack was removed from the fire death data; and one death, on September 23, 2005, determined by the Medical Examiner's Office to be due to blunt trauma related to a motor vehicle collision was removed from the fire death data.

Ten-year moving average of fire death rate per 100,000 population



Analysis

The target was achieved, in that the 2006-07 fire death rate (10-year moving average) of 1.13 is less than the previous year's fire death rate (10-year moving average) of 1.18. There is random variation in the total number of fire deaths in Alberta. The 10-year moving average evens out these variations and provides an overall trend in Alberta fire deaths, which appears to be decreasing. The line chart on the previous page illustrates the reduction in the 10-year moving average death rate over the last 15 years.

The fire protection activities undertaken by Alberta Municipal Affairs and Housing fall under the Alberta Emergency Management Agency's Office of the Fire Commissioner, which is responsible for three separate areas: the Fire Commissioner's Office; Fire Technical Services (Fire Codes and Standards); and Regional Services - Fire Safety Officers & Investigators

The agency's Office of the Fire Commissioner conducted a wide range of activities in relation to the measure. The statistic is an indicator that programs and initiatives of the office are having a positive effect over the long term. Data is analyzed for changes in causes and trends that may require a shift in the focus of targeted public education programs.

Financial Information for Core Business 2

Safety Services and Fire Protection

Fiscal 2007 Actual Compared to Fiscal 2007 Budget (thousands of dollars)

As reported on Schedule 5 to the Department of Municipal Affairs and Housing financial statements (page 114 of the annual report), Safety Services and Fire Protection can be shown as follows:

	2006-07 Estimates	Authorized Supplementary	2006-07 Authorized Budget	2006-07 Actual Expenses	Unexpended (Over Expended)
Safety Services and Fire Protection:					
Program Support	\$ 1,288	\$ —	\$ 1,288	\$ 932	\$ 356
Program Management	330	—	330	291	39
Technical Services	1,784	—	1,784	1,892	(108)
Regional Services	3,123	—	3,123	3,334	(211)
Fire Commissioner's Office	1,504	—	1,504	1,806	(302)
Underground Petroleum Storage Tanks	—	—	—	4	(4)
Tank Site Remediation Program	—	13,430	13,430	6,686	6,744
Assistance for municipal emergency response training (fire services training)	500	—	500	500	—
	\$ 8,529	\$ 13,430	\$ 21,959	\$ 15,445	\$ 6,514

Safety Services and Fire Protection incurred expenses of \$15.445 million for fiscal 2006-07; \$6.514 million less than the authorized budget of \$21.959 million, or 29.66 per cent. The majority of this is due to unexpended amounts related to the Tank Site Remediation Program.

The Expense by Core Business report (page 24 of the annual report) includes the indirect allocation of the ministry support services expenses and the valuation adjustments.

Fiscal 2007 Actual Compared to Fiscal 2006 Actual (thousands of dollars):

	2006-07	2005-06	Increase
Safety Services and Fire Protection	\$ 15,445	\$ 7,614	\$ 7,831

Safety Services and Fire Protection incurred \$15.445 million in 2006-07 operating expenses compared to \$7.614 million in 2005-06. The result was an increase of \$7.831 million. This was mainly due to the new Tank Site Remediation program announced during the year which incurred \$6.686 million in expenditures.

On the Statement of Operations (page 77 of the annual report), the expenses for Public Safety include the division support expenses and the expenses of the Safety Services and Fire Protection and Emergency Management Alberta core businesses.

Core Business Three – Emergency Management Alberta

Goal 5: An emergency management program that enables effective mitigation of, preparation for, response to and recovery from major emergencies and disasters.

Results

- Allocated more than \$5 million to four disaster recovery programs launched to assist residents, small businesses and municipal governments with recovering from uninsurable overland flood damage caused by severe storms.
- Participated on an advisory committee dedicated to linking the Alberta Threat Assessment Management Initiative to the Emergency Public Warning System administered by the Alberta Emergency Management Agency. Together, the programs will form a new adult alert system that will quickly notify television and radio stations in the event of life-threatening adult abductions.
- Purchased new radio receivers for the province's Emergency Public Warning System network. The new receivers will significantly improve the quality of operations and testing for the system.
- Provided grants totaling \$175,000 to support the regional delivery of emergency management training in 42 municipalities. The training provided to local personnel will help them maintain their ability to respond effectively to disasters and major emergencies.
- Provided grants totaling \$136,000 to help 19 municipalities provide training courses on search and rescue basics, man-tracking and wilderness first aid that help prepare their volunteers to carry out critical search and rescue operations in the province.
- Assisted municipalities with their participation in the federal government's Joint Emergency Preparedness Program. In 2006-07, the Alberta Emergency Management Agency supported municipalities in completing 41 projects, which were approved for more than \$500,000 in funding under the program aimed at enhancing their level of emergency preparedness and response capability.
- Used in-house training officers to deliver emergency management training directly to municipalities in the form of courses and collective exercises. The training officers are improving the quality and quantity of training support available to municipalities and First Nation communities and enhancing program delivery by reviewing and updating the training standards and course materials.
- Co-ordinated the transport of more than 700 Canadian evacuees from Lebanon to Edmonton and Calgary during an international military conflict in July 2006.

- Participated with the ministries of Infrastructure and Transportation and Environment and the Alberta Energy and Utilities Board in a cross-government initiative to analyze and align the response protocols of all four organizations. Increased co-ordination in this area helps promote a more efficient and comprehensive government response to emergency incidents.

Measure

Percentage of claims where a member of the damage assessment team arrives on-site within 30 days of a claim being received.

Performance Measure

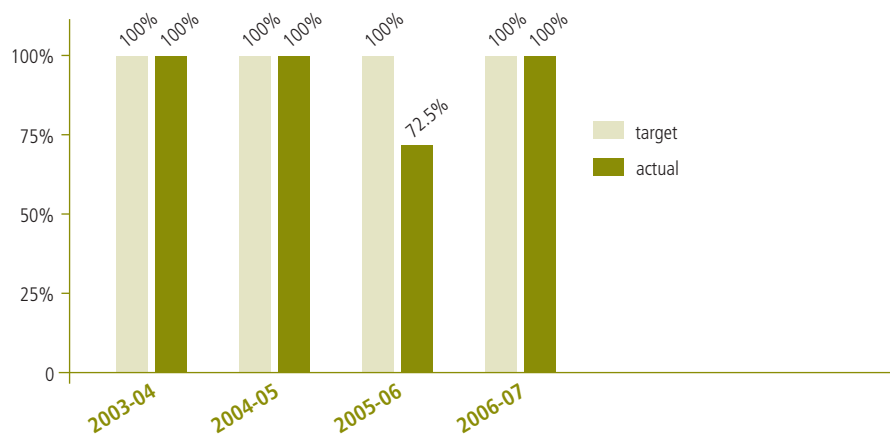
Description: The legislation provides for disaster recovery programs (DRP) to help Albertans recover from uninsurable losses resulting from disasters. The objective is to compensate them as quickly as possible. When a widespread disaster occurs, the branch starts with an initial evaluation. It advises the Minister on the potential for a DRP, its recommended geographical boundaries, and the proposed exclusions and limitations to compensation. Private sector program administrators are alerted to the possibility of a program requiring their services. This measure does not include the agriculture component, which is measured by another department. In addition, the 30-day criterion does not include infrastructure damage assistance requests from municipal and provincial departments.

Once the Minister approves the program, citizens in the affected area are notified of the program, guidelines, and venues where application and information packages will be made available. The program administrator receives applications and assigns priority to those in greatest need. In many cases, the evaluator will be on the scene the next day. The target is to have an evaluator on the scene within 30 days of receipt of any application.

By measuring the percentage of applications where a damage evaluator arrives on-site within 30 days of receipt of the application form, the branch can gauge success in achieving this objective.

Target: 100 per cent

Disaster claims within 30 days



***Note:** Where there is an issue of eligibility and additional investigation and supporting documentation are required, the date the applicant is contacted and additional documentation is requested is the date used. Where the visit by the evaluator is delayed at the request of the applicant, the date the evaluator contacts the applicant is used for tracking purposes.

Actual Results: The performance measure was achieved for the 2006-07 fiscal period.

Analysis

The 100 per cent performance measure target was achieved for all four disaster recovery programs (DRPs) during the fiscal program year. With a return to more normal weather patterns following the abnormally severe weather in 2005-06, this is a return to the level of results achieved in prior years.

Alberta continues to offer the most responsive and comprehensive disaster recovery program in Canada and the results for 2006-07 demonstrate the preparedness of the system and the efforts of program staff in achieving these results.

The Minister approved four DRPs in 2006-07:

2006 City of Edmonton DRP: This program was approved in August 2006 for a severe rainstorm of June 15, 2006, in the City of Edmonton. A total of 95 residential and six small business applications were received and all eligible applicants were evaluated within the 30-day performance measure period.

2006 Southern Alberta DRP: This program was in response to a series of severe rainstorms from June 14 to 16, 2007, that resulted in overland flooding and groundwater seepage in eight municipalities in southern Alberta. A total of 248 residential and 10 small business applications from 11 municipalities were received and all eligible applicants were evaluated within the 30-day performance measure period.

2006 Calgary and Area DRP: This program was in response to four severe rainstorms on June 21, July 6, July 9 and August 3, 2006, that resulted in overland flooding in the City of Calgary and the Hamlet of DeWinton. A total of 68 residential and eight small business applications were received and all eligible applicants were evaluated within the 30-day performance measure period.

2006 Central Alberta DRP: This program was in response to a severe rainstorm on August 10, 2006, that resulted in overland flooding and groundwater seepage in the City of Red Deer and the Town of Stettler. A total of nine residential applications were received and all eligible applicants were evaluated within the 30-day performance measure period.

The four programs presently remain open for further applications, but will all be closed by August 31, 2007.

Measure

The level of preparedness as measured by the percentage of municipalities that have conducted an emergency management exercise in the last four years.

Performance Measure

Description: The *Disaster Services Act* assigns a majority of the responsibility and authority for response to emergencies and disasters to the local order of government. The act specifies the powers of a local authority which are available during a time of emergency or disaster and also specifies the structure and preparedness actions that the municipality is obliged to complete.

The act recognizes that some local government organizations do not have sufficient resources to meet all of the obligations for structure or preparedness actions and so the act defines which forms of local governments are subject to the act. The municipal organizations physically cover the entire landmass of Alberta (excluding First Nations reservations), with no overlap. The number of municipalities decreases annually as a result of dissolutions and amalgamations.

The act states that each of the 314 local authorities “shall prepare and approve emergency plans and programs.” These municipal emergency plans represent the recorded preparations of the municipality to respond to a disaster or emergency. In any given year, a municipality is considered to have demonstrated preparedness by exercising its plan if it conducts a desk-top, functional or simulated exercise to assess the plan’s effectiveness or it activates its Emergency Operations Centre in response to a real event, confirming that its plan and procedures are effective.

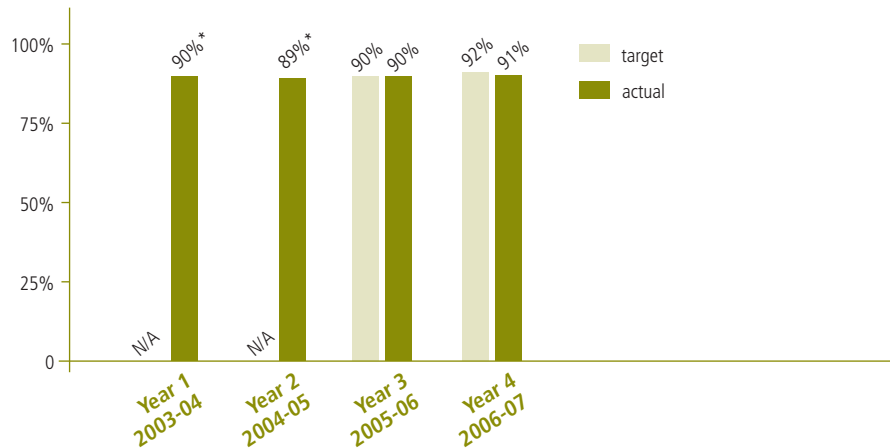
This performance measure is designed to demonstrate that all of the municipalities covered under the act maintain their preparedness by exercising their municipal emergency plans at least once in the previous four-year period.

Target: 92 per cent

The target reflects the completion of one mandatory exercise for each municipality within a four-year moving window as defined by the legislation.

Actual Results: This performance measure was changed as of the 2005-06 fiscal year. The measure is now calculated as the percentage of municipalities exercising their Municipal Emergency Plans in the last four years. In years prior to 2005-06, Municipal Affairs and Housing reported the cumulative percentage of municipalities who had exercised their Municipal Emergency Plans in each year of a 4-year cycle. These prior year figures have been restated to reflect this change in methodology. This change makes the performance measure more accurately reflect the mandate of the Alberta Emergency Management Agency.

Emergency preparedness testing



*Note: Restatement of 2003-04 and 2004-05 performance measures to reflect the methodology change introduced in 2005-06.

Analysis

The performance measure was not achieved for 2006-07 due to a number of contributing factors:

- one of the seven districts (Central) was without a District Officer for the final three months of the fiscal period, resulting in no exercises being conducted during that period;
- a number of municipalities have experienced a turnover in their emergency management staff. A risk management approach was adopted in relation to ensuring municipal emergency management personnel were trained to understand their roles and responsibilities in an emergency prior introducing them to the exercise regime and rationale;
- under the *Disaster Services Act*, no municipality can be compelled to exercise. Considerable time and effort is expended to encourage municipalities to conduct exercises at the expense of these resources being applied to actual exercises; and
- to underscore the factors described above, a risk management approach is applied, with priority given to municipalities where the risk as represented by the hazard and the population is highest. The Ministry is, therefore, able to report that exercises were conducted in municipalities that represent over 98 per cent of the population in the province.

Financial Information for Core Business 3

Alberta Emergency Management Agency

Fiscal 2007 Actual Compared to Fiscal 2007 Budget (thousands of dollars)

As reported on Schedule 5 to the Department of Municipal Affairs and Housing financial statements (page 114 of the annual report), the Alberta Emergency Management Agency (AEMA) can be shown as follows:

	2006-07 Estimates	Authorized Supplementary	2006-07 Authorized Budget	2006-07 Actual Expenses	Unexpended (Over Expended)
Alberta Emergency Management Agency					
Program Support	\$ 227	\$ 0	\$ 227	\$ 165	\$ 62
Branch Management and Programs					
-Operating Expense	4,814	—	4,814	5,200	(386)
Disaster Recovery	600	6,926	7,526	4,717	2,809
Assistance for municipal emergency response training (emergency management training)	500	—	500	311	189
	\$ 6,141	\$ 6,926	\$ 13,067	\$ 10,393	\$ 2,674

Operating Expenses

AEMA incurred expenses of \$10.393 million for fiscal 2006-07, \$2.674 million less than the authorized budget of \$13.067 million, or 20.46 per cent. The under-expenditure mostly relates to lower than projected administrative costs of disaster recovery programs.

The Expense by Core Business report (page 24 of the annual report) includes the indirect allocation of the ministry support services expenses and the valuation adjustments.

Capital Expenditures

	2006-07 Estimates	Authorized Supplementary	2006-07 Authorized Budget	2006-07 Actual Expenses	Unexpended (Over Expended)
Alberta Emergency Management Agency					
Capital Investment	\$ —	\$ —	\$ —	\$ 17	\$(17)

The 2006-07 capital expenditures of \$0.017 million are related to the purchase of emergency response radio equipment.

Fiscal 2007 Actual Compared to Fiscal 2006 Actual (thousands of dollars):

	2006-07	2005-06	Decrease
Alberta Emergency Management Agency	\$10,393	\$172,975	\$(162,582)

The Alberta Emergency Management Agency incurred \$10.393 million in operating expenses in fiscal 2007 compared to \$172.975 million in fiscal 2006. The result was a decrease of \$162.582 million. This decrease is mainly due to lesser disaster recovery expenses incurred in fiscal 2007 versus fiscal 2006 - \$4.717 million versus \$167.832 million respectively.

On the Statement of Operations (page 77 of the annual report), the expenses for Public Safety include the division support expenses and the expenses of the Safety Services and Disaster Services core businesses.

Core Business Four – Municipal Government Board

Goal 6: An independent appeal system that issues timely and impartial decisions of high quality.

Results

- The number of appeal hearings held by the Municipal Government Board (MGB) increased by 43 per cent in 2006-07 as compared to 2005-06. Property assessment appeals and linear assessment complaints continue to account for the majority of the work before the MGB, but all appeal types, including subdivisions and annexation applications, are on the rise.
- Completed the implementation of the new database system in partnership with the City of Edmonton and the Province of British Columbia. The enhancements save data entry time and related costs by allowing for electronic appeal applications.
- Completed a stakeholder survey and followup sessions, and responded to client feedback by making changes to improve MGB practices and procedures to better serve client needs.
- Conducted quarterly and specialized training workshops with board members and staff to strengthen knowledge and skills for achieving quality adjudication processes and decisions on matters before the board.
- Applied the use of one-member panels to increase MGB efficiencies and support a user-friendly appeal environment.

Performance Measure

Measure

Considering the environment of board hearings, in which 50 per cent of parties may receive an unfavourable decision, the board will strive to ensure that 80 per cent of parties who appear before it are satisfied or neutral regarding the board's services and processes.

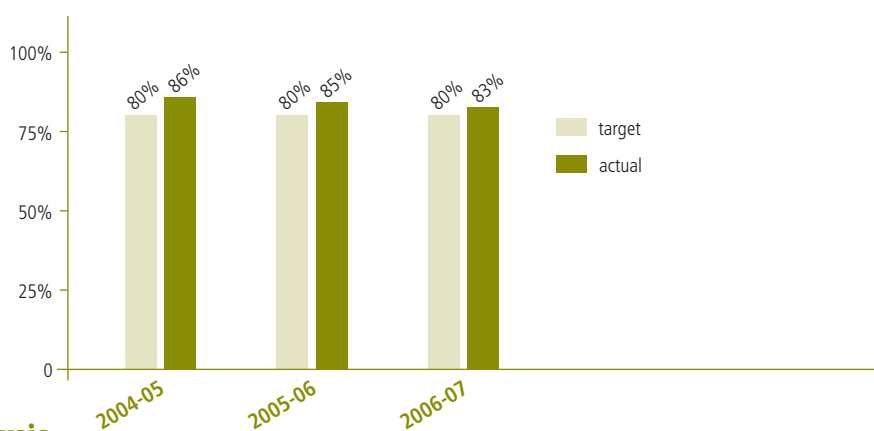
Description: It is a requirement of the Municipal Government Board (MGB) that it make and be seen as making impartial, independent decisions that are of a high quality. It needs to be recognized that while the MGB sets out to fairly hear and render quality impartial decisions, because of the adjudication process one-half of recipients will be receiving decisions that are not in their favour. Regardless of this fact, it was determined that only the parties participating in the appeal process and directly affected by MGB decisions can fairly judge the board's performance. The measure results are from responses received from the parties that appeared before the MGB between the dates of April 1, 2005, to March 31, 2006, and surveyed in November of 2006. To determine if the goal was met, an independent consulting firm surveyed the parties who appeared before the MGB.

This measure also recognizes the expectation that the MGB achieves efficiency in hearing and deciding appeals in a timely manner. A fifth question was asked to measure hearing timeliness. This question was in addition to the other four survey questions seeking client responses to MGB hearing processes. The results for this new question were also derived from responses contained in the survey.

Target: 80 per cent

Actual Results: The Municipal Government Board (MGB) achieved its target with actual 2006-07 results of 83 per cent. This result shows that parties that appear before the MGB are generally satisfied with the fairness and application of processes in hearing and deciding their appeals and in the quality of MGB decisions.

Stakeholder satisfaction with Municipal Government Board



Analysis

The MGB continues to maintain high levels of client satisfaction consistent with results in previous years. It is able to do so even though the number of hearings continues to rise and the complexity of appeals are also increasing. The ability to maintain this level of performance is particularly difficult when 50 per cent of the parties have lost the decision.

The number of hearings increased from 1,535 last reporting year to 2,112 this reporting year, an increase of 38 per cent. Forty-seven per cent of the 273 eligible clients participated in the survey. This is a percentage reduction in both the number of clients (52 per cent) who responded and the number of eligible clients (493) that participated last year. The significant reduction in number of clients is due to more appeals this year being represented by professional agents and less by individual property owners.

Hearing clients agreement with selected statements about the Municipal Government Board's hearing process

Number of respondents – 118* (for the first five responses)
– 264 (for the sixth response)

	Agreed	Neutral	Disagreed	A&N
You were treated in a courteous manner	89%	3%	9%	92%
You had sufficient opportunity to present your case	81%	7%	12%	88%
The hearing process was straightforward and easy to understand	82%	5%	13%	87%
The hearing was conducted in a timely manner	80%	6%	14%	86%
The hearing process was fair, that is, it was impartial and unbiased	61%	14%	25%	75%
The oral/written decision(s) were delivered in a reasonable time period (table 29 of the survey report)	76 @ 42% 46 @ 100%	76 @ 12%	76 @ 45%	71.4%
Average				83.2%

*Number of respondents as stated in Table 17 of the survey report

Financial Information for Core Business 4

Municipal Government Board

Fiscal 2007 Actual Compared to Fiscal 2007 Budget (thousands of dollars)

As reported on Schedule 5 to the Department of Municipal Affairs and Housing financial statements (page 114 of the annual report), the Municipal Government Board (MGB) can be shown as follows:

	2006-07 Estimates	Authorized Supplementary	2006-07 Authorized Budget	2006-07 Actual Expenses	Unexpended (Over Expended)
Municipal Government Board Operating Expenses	\$ 3,059	\$ —	\$ 3,059	\$ 3,518	\$ (459)

As reported on the Statement of Operations (page 77 of the Annual Report), the MGB incurred operating expenses of \$3.518 million in fiscal 2006-07, and came in over the authorized budget of \$3.059 million by \$0.459 million, or 15.0 per cent. The over-expended budget was a result of a larger number of appeals being received by the MGB requiring more resources to hear and decide the appeals than anticipated.

The Expense by Core Business report (page 24 of the Annual Report) includes the indirect allocation of the Ministry support services expenses and the valuation adjustments.

Capital Expenditures

	2006-07 Estimates	Authorized Supplementary	2006-07 Authorized Budget	2006-07 Actual Expenses	Unexpended (Over Expended)
Municipal Government Board Capital Investment	\$ —	\$ —	\$ —	\$ 281	\$ (281)

The MGB incurred capital expenditures in fiscal 2006-07 of \$0.281 million. These expenditures are related to the implementation of phase 2 of the MGB/City of Edmonton database system, in addition to the acquisition of a new record filing system.

Fiscal 2007 Actual Compared to Fiscal 2006 Actual (thousands of dollars):

	2006-07	2005-06	Increase
Municipal Government Board	\$ 3,518	\$ 3,338	\$ 180

As reported on the Statement of Operations (page 77 of the Annual Report), the MGB incurred operating expenses of \$3.518 million in the 2006-07 fiscal year compared to \$3.338 million in 2005-06. The result was an increase of \$0.18 million, or 5.39 per cent. The increase is related to an increase in the number of hearings heard by the MGB in fiscal 2006-07 versus fiscal 2005-06.

Core Business Five –

Provide a range of housing options and supports for lower-income Albertans

Goal 7: Lower-income Albertans have access to a range of housing options and effectively managed housing programs that are focused on those most in need.

Results

- Provided one-time capital and operational funding and developed partnerships to increase the supply of sustainable, affordable housing. The Ministry:
 - Partnered with the City of Edmonton to administer rent supplements for families in urgent need of housing assistance. The City of Edmonton and the Affordable Housing Partnership Initiative each provided \$2.5 million to be delivered over five years.
 - Invested an additional \$2 million in the province's rent supplement program, resulting in an additional 600 lower-income households receiving assistance in covering their monthly rent.
 - Committed \$16 million for new homeless support pilot projects to introduce 24-hour, seven-days-a-week outreach support teams as well as other initiatives that will provide direct support to individuals and assist them to find and remain in transitional or affordable housing.
- Continued to make provincially owned land available for affordable housing in high-growth communities. Specifically:
 - On June 29, 2006, the Alberta Social Housing Corporation announced the sale of Parcel F in the Timberlea subdivision of Fort McMurray. This land will provide up to 1,685 residential units, including 300 affordable housing units.
 - Approximately 18 acres were sold to the Town of Canmore for the creation of affordable housing.
 - The Alberta Social Housing Corporation received a total of approximately 188 acres in Fort McMurray from Alberta Sustainable Resource Development. This land is located within the North Parsons Creek, which will allow the expansion of the residential area.
 - Nominal Sum Disposition transfers affecting approximately 57 properties in Calgary, Edmonton and area, Grande Prairie and area, Marlboro and Onoway, with a total value of more than \$17 million, were approved and completed.
- Worked in partnership with stakeholders to respond to housing pressures within Alberta's communities. The Ministry:
 - Initiated discussions with the City of Edmonton on the implementation of the Cornerstones Initiative and a fixed rate rent supplement initiative.

- Provided more than \$2.6 million in winter emergency funding to Calgary (300 spaces), Edmonton (400 spaces), Fort McMurray (100 spaces) and High Level (12 spaces), for a total of 812 spaces.
- Provided an additional \$100,000 to Calgary's Inn from the Cold to assist homeless families with shelter and other basic needs.
- Monitored the operations and business practices of social housing operators by reviewing and approving their annual operating and capital budgets, reviewing their quarterly financial reports, and providing feedback on their performance.
- Evaluated the effectiveness of affordable housing projects that received capital assistance through developing a monitoring, evaluation and reporting system for the Canada-Alberta Affordable Housing Program, and reviewing compliance with the affordable housing guidelines on an annual basis.

Measure

Quality of accommodation provided by housing operators, and where appropriate, services provided, as indicated by satisfaction of residents.

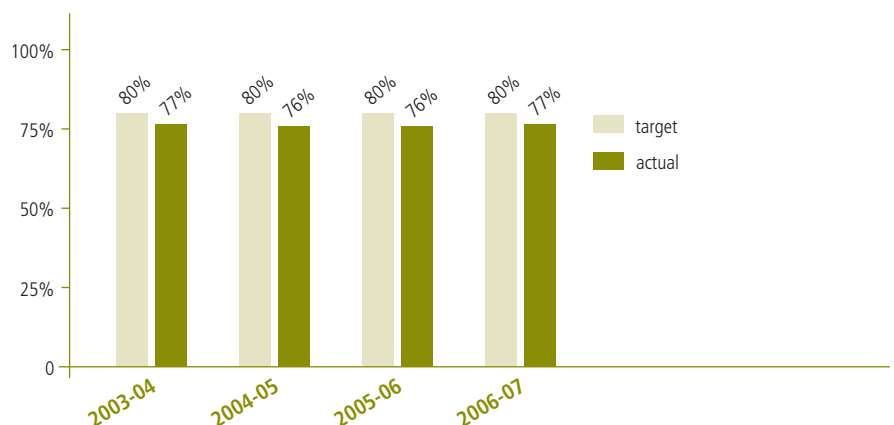
Performance Measure

Description: The Ministry owns or supports housing for families. The housing units are operated by community-based housing operators, which include non-profit organizations and municipalities. Resident satisfaction is an indicator of the quality of the accommodation and the effectiveness of housing operators in administering housing programs. It provides a means of verifying that the residents of provincially owned or supported subsidized family housing are receiving safe, adequate, suitable and affordable housing that is properly managed and maintained.

Target: 80 per cent

Actual Results: The target was not met in 2006-07 with an actual result of 77 per cent.

Quality of accommodation provided by housing operators



Analysis

Of family housing residents, 77 per cent are very satisfied or satisfied with their current accommodation, while another 13 per cent are slightly satisfied. The most highly rated aspects of family housing are affordability and suitability. Dissatisfaction stems mainly from overall condition of their housing and the services provided by the management body.

Measure

Number of affordable housing units developed with support from provincial funding.

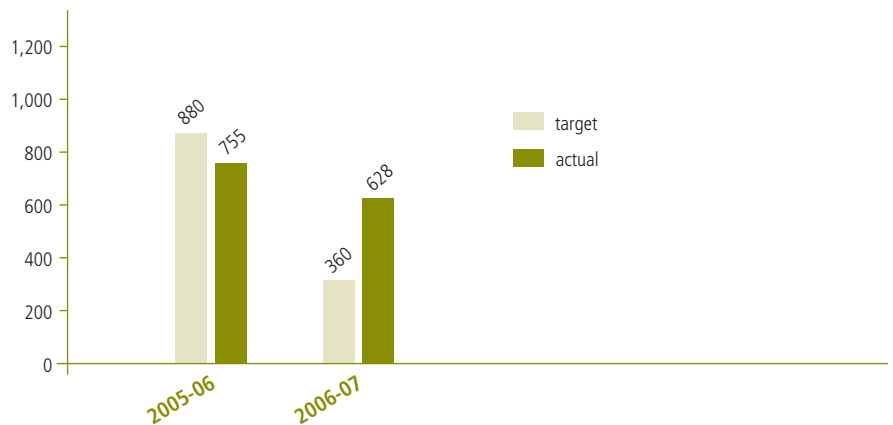
Performance Measure

Description: There is a shortage of affordable housing in Alberta's high-growth, high-need communities. The Ministry's strategy is to provide approved capital funding and develop partnerships to increase the supply of sustainable, affordable housing, supportive living options and off-reserve Aboriginal housing. Progress towards this goal will be measured by tracking the number of affordable housing units developed with provincial funding.

Target: 360 units

Actual Results: The target was exceeded in 2006-07 with an actual result of 628 units.

Number of affordable housing units developed with support from provincial funding



Analysis

The results reported for 2006-07 are higher than the projected target from the 2006-09 business plan. This is due to a commitment of \$2.5 million dollars from the Canada-Alberta Affordable Housing Agreement to the Rent Supplement Program. These funds created 200 rent supplement units in the City of Edmonton. The units are recorded under this performance measure because the Canada-Alberta Affordable Housing Agreement is responsible for the funding.

There is a reduction in the number of units between 2004-05 and 2005-06, and the targets set for 2007-10 are lower than the number of units achieved in past years because of the new strategy to increase funding per unit. The intention is to subsidize a greater portion of capital expenses to reduce the rents charged to cover operational costs. This is the result of changes to the Canada-Alberta Affordable Housing Agreement, which now supports more substantial subsidies for a smaller number of developments.

Financial Information for Core Business 5

Housing Services

Fiscal 2007 Actual Compared to Fiscal 2007 Budget (thousands of dollars)

As reported on Schedule 5 to the Department of Municipal Affairs and Housing financial statements (page 114 of the annual report) in addition to the Statement of Operations for the Alberta Social Housing Corporation (page 121 of the annual report), Housing Services can be shown as follows:

	2006-07 Estimates	Authorized Supplementary	2006-07 Authorized Budget	2006-07 Actual Expenses	Unexpended (Over Expended)
Housing Services					
Management and Operations					
Program Support	\$2,838	\$ —	\$2,838	\$2,713	\$125
Housing Development Program Delivery	3,716	—	3,716	3,299	417
Housing Operating Program Delivery	3,001	—	3,001	3,054	(53)
Housing Operating Grants					
Rent Supplement	17,017	2,000	19,017	18,716	301
Housing Development Capital Grants					
Canada/Alberta Affordable					
Housing Agreement	44,000	—	44,000	44,000	—
Affordable Housing Partnership Initiative	—	—	—	—	—
Affordable Housing Program	—	15,173	15,173	15,173	—
Off-Reserve Aboriginal Housing Program	—	16,142	16,142	16,142	—
Other Housing Services Grants					
Special Needs Housing	4,730	—	4,730	4,915	(185)
Other Grants	4,624	—	4,624	4,635	(11)
Homeless Support	26,109	9,531	35,640	42,691	(7,051)
Alberta Social Housing Corporation					
Program Expenses	82,250	—	82,250	78,774	3,476
Debt Servicing	65,779	—	65,779	59,220	6,559
	\$254,064	\$42,846	\$296,910	\$293,332	\$3,578

Housing Services incurred expenses of \$293.332 million, which came in under the authorized budget of \$296.91 million by \$3.578 million, or 1.21 per cent. The unexpended amount is mostly related to the Alberta Social Housing Corporation (ASHC), where program expenses and debt servicing were both under budget by \$3.476 million and \$6.559 million respectively. The unexpended amounts in ASHC were partially offset by the over-expended amount for homeless support which was greater than budget by \$7.051 million.

The Expense by Core Business report (page 24 of the annual report) includes the indirect allocation of the ministry support services expenses and the valuation adjustments.

Fiscal 2007 Actual Compared to Fiscal 2006 Actual (thousands of dollars)

	<u>2006-07</u>	<u>2005-06</u>	<u>Increase</u>
Housing Services	<u>\$ 293,332</u>	<u>\$ 241,000</u>	<u>\$ 52,332</u>

As reported on the Statement of Operations (page 77 of the annual report), Housing Services, Grants in Kind and Debt Servicing operating expenses amounted to \$293.332 million for fiscal 2006-07, compared to \$241.0 million in fiscal 2005-06. The result was an increase of \$52.332 million, or 21.71 per cent. The net increase can be attributed to the new Affordable Housing Program and Off-Reserve Aboriginal Housing Program in the amount of \$31.3 million, in addition to \$20.686 million in additional expenditures related to homeless support. As well, the Ministry incurred higher debt servicing costs of \$20.237 million; this relates to the payment of prepayment penalties associated with the repayment of amounts owed to the Alberta Heritage Savings Trust Fund. These additional expenses were partially offset by the discontinuation of the Affordable Housing Partnership Initiative from 2005-06 in the amount of \$25.0 million.

Core Business Six – Build Community Capacity

Goal 8: An accessible public library service and effectively supported communities and voluntary sector.

Results

- Provided operating grants totalling \$20 million to support the province-wide public library and information network. This funding helps public libraries, regional library systems, The Alberta Library and the Alberta Public Library Electronic Network to support the delivery of public library service, electronic and remote services, library marketing, staff training and SuperNet connectivity.
- Supported public libraries during Library Month with 'Focus on Libraries Day' (October 25, 2006). Special events were held to celebrate libraries and to highlight the contribution they make to the people of Alberta. These events included library openings, regional conferences, announcements for future service and facility plans and events to honour volunteers and announce the upcoming centennial of the *Libraries Act*.
- Held trustee training area workshops in Cold Lake, Drumheller, Brooks and Thorhild. Forty-three trustees attended a workshop on Risk Management presented in the Northern Lights Library System area. In addition, an orientation and risk management workshop was provided to 52 trustees in the Parkland Regional Library System area.
- Provided access to the Alberta SuperNet for 279 public libraries in 2006-07. Approximately 89 per cent of Alberta public libraries (279 out of 313) are now able to provide Internet service to Albertans.
- Audited nine library boards in Cereal, Consort, Delia, Hanna, Irricana, Linden, Longview, Sheep River and Strathmore.
- Supported more than 600 rural and urban voluntary sector organizations and government organizations with more than 900 consultations and workshops to more than 14,000 Albertans. These consultations and workshops helped individuals and organizations to meet their goals and to address community issues through neutral facilitation of various meetings and public/stakeholder consultations, and through organizational development and training. Some examples and highlights include:
 - Worked with the Alberta Urban Municipalities Association (AUMA) to assist municipalities to embark on building sustainability in their communities by launching a planning process using the AUMA sustainability planning framework.
 - Supported the Mennonite Centre for Newcomers with exploring how four different immigrant service organizations can work together by combining their efforts.
 - Held a board governance training session to council board members of the Buffalo Lake Métis Settlement.

- Assisted the Lifelong Learning Council of Red Deer to develop a three- to five-year strategic plan.
 - Jointly delivered a workshop with the Alberta Regional Physician Action Plan on how to successfully recruit and retain rural physicians for the Alberta Association of Municipal Districts and Counties.
 - Supported the Aboriginal Housing in Action Society to redevelop their vision and mission.
 - Supported Alberta Health and Wellness, Alberta Justice and the David Thompson Regional Health Authority by holding basic facilitation training workshops for their staff.
 - Supported Alberta Education on the Alberta Symposium on High School Completion by providing expertise in public consultation planning and group facilitation services in gathering input from participants.
- Partnered with more than 10 voluntary and educational organizations to co-ordinate and deliver board leadership conferences. The 2007 Board Leadership Conference, *Ideas Into Action*, was held March 24, 2007, at the Grant MacEwan College City Centre Campus. This conference focused on addressing the needs of both beginner and experienced board members of non-profit/voluntary sector organizations.
 - Supported the establishment and work of a Leaders Council, consisting of non-profit/voluntary sector leaders and the Alberta government, which developed a draft “Framework for Collaboration” to guide and strengthen the relationship between the Government of Alberta and the province’s non-profit/voluntary sector. This framework will help build healthy, active communities by enabling them to collaborate in an interdependent partnership.
 - Worked with Service Alberta to develop and launch a new *Nonprofit/Voluntary Organizations* online window. This new online window is a part of the government’s proposed Alberta Nonprofit/Voluntary Sector Initiative, and will make it easier for Albertans and non-profit organizations to access information and services related to government programs and grants, social services, and volunteering opportunities.

Performance Measure

Description: This measure provides a general indicator of the use of Alberta public libraries by adult Albertans in the past 12 months. It is used to give a general sense of how successful libraries are at retaining the existing user base through services provided and how marketing approaches might be impacting the ability to attract new users.

The percentage of Albertans who have used public library services, when reviewed with other traditional indicators such as number of library cardholders, number of reference questions and turnstile counts, provides insight into public library access and usage in Alberta. Results of this measure are compared with those of previous years. These comparisons are used in combination with information from other sources to assess how well the current levels of library usage support delivery of programs and services that advance the quality of life

Measure

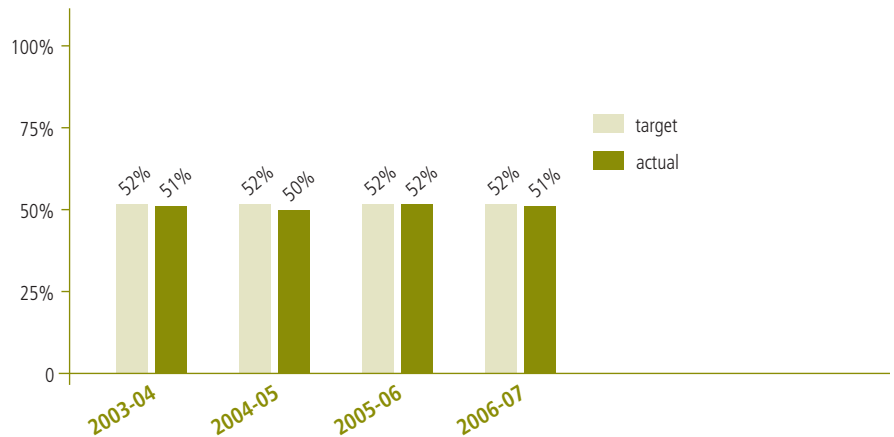
Usage of public library services by adult Albertans.

in Alberta. Based on this analysis decisions are made concerning the need to review, and ultimately adjust, programs and services.

Target: 52 per cent

Actual Results:

Usage of public library services by adult Albertans



Analysis

In 2006-07, the percentage of adult Albertans who used public library services decreased slightly to 51 per cent, less than one per cent lower than in the previous year, yet nearly one per cent higher than in 2004-05, meaning Albertans have been consistent in using public libraries.

The decrease is negligible and does not cause concern nor is indicative of a downward trend. Increasingly, people are using the "virtual branch" of the library online. This online capability, along with the co-operative efforts of Alberta's public libraries, allows Albertans to have greater access to library materials from across the province.

Library hours of operation and card fees, which are permitted by provincial legislation, may affect public library usage. Also, time constraints and the increasing use of electronic sources of information, such as the Internet, may have a negative impact on the public's perception of their need for, and use of, public library services.

Usage data collected by the Branch from library boards indicates increased use of public libraries. In 2005, the percentage of the population served by public libraries increased nearly five per cent, compared to population growth which was nearly four per cent. Although annual visits have decreased slightly, traditional library usage increased: Circulation increased nearly two per cent, the number of library cardholders increased slightly more than eight per cent and the number of reference questions asked (in person or electronically) increased more than three per cent. The use of networked library services – services made possible by the advent of the Internet in public libraries – has been growing steadily. Interlibrary loan traffic increased 11 per cent in 2005. Virtual visits (library's and library system's website and/or online catalogue) increased dramatically in 2005, from 7.7 million to 22.1 million virtual visits. Preliminary data for 2006 shows that this growth is continuing.

These performance indicators show that Albertans continue to make use of their public libraries in traditional ways but are adopting new usage patterns. Increasingly, people are using the "virtual branch" of the library online. This online capability, along with the co-operative efforts of Alberta's public libraries, allows Albertans to have greater access to library materials from across the province.

Performance Measure

Measure

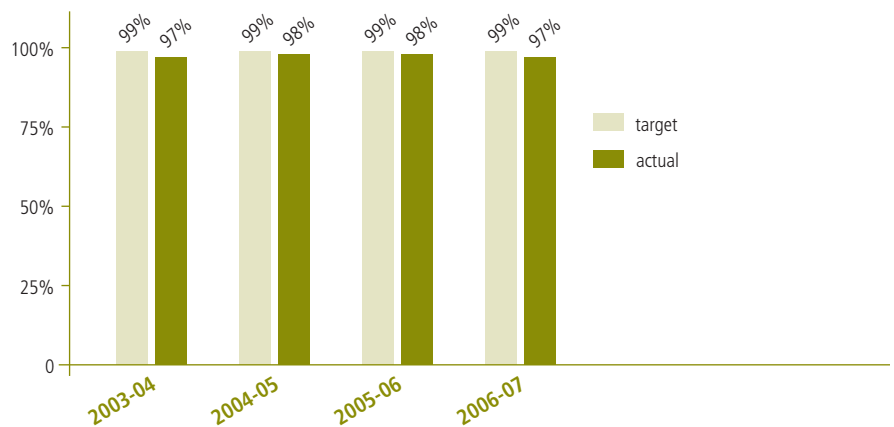
Customer satisfaction with capacity building facilitation services and workshops.

Description: This measure indicates the percentage of clients who were satisfied overall with the Ministry's capacity building facilitation services and workshops. Capacity building facilitation services and workshops encompass a broad range of activities including planning, knowledge and skill transfer, and facilitation and/or consultation regarding a variety of topics from organizational development to public stakeholder consultations.

Target: 99 per cent

Actual Results:

Customer satisfaction with capacity building facilitation services and workshops



Analysis

Satisfaction with capacity building facilitation services and workshops decreased slightly in 2006-07, falling below target, but remaining high.

The number of surveys returned has increased significantly (68 per cent) and is primarily due to an increase in surveys distributed to participants over project contact(s) for facilitation and skill development services. This increase, along with a high response rate (91 per cent), provides a more statistically accurate result. The decrease in the satisfaction level is insignificant and does not cause concern, nor is indicative of a downward trend.

The Ministry provided a broad range of capacity building facilitation services and workshops to rural and urban non-profit/voluntary sector organizations and government offices. The results may be affected by shifting expectations for assistance with capacity building facilitation services and workshops given high client expectations and public demand for help in addressing capacity building issues (which is seen by the 17 per cent increase in the number of completed projects this year).

Financial Information for Core Business 6

Libraries, Community and Voluntary Services

Fiscal 2007 Actual Compared to Fiscal 2007 Budget (thousands of dollars)

As reported on Schedule 5 to the Department of Municipal Affairs and Housing financial statements (page 114 of the annual report), Libraries, Community and Voluntary Services (LCVS) can be shown as follows:

	<u>2006-07 Estimates</u>	<u>Authorized Supplementary</u>	<u>2006-07 Authorized Budget</u>	<u>2006-07 Actual Expenses</u>	<u>Unexpended (Over Expended)</u>
Libraries, Community and Library Services					
Community and Voluntary Sector Services	\$3,953	\$ —	\$3,953	\$3,861	\$92
Library Services	605	—	605	550	55
Library Grants	20,175	—	20,175	19,974	201
	<u><u>\$ 24,733</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 24,733</u></u>	<u><u>\$ 24,385</u></u>	<u><u>\$ 348</u></u>

LCVS incurred expenses of \$24.385 million, which came in under the authorized budget of \$24.733 million by \$0.348 million, or 1.41 per cent. The unexpended amount is largely related to actual Library Grant expenditures being less than the authorized budget by \$0.201 million.

The Expense by Core Business report (page 24 of the annual report) includes the indirect allocation of the ministry support services expenses and the valuation adjustments.

Fiscal 2007 Actual Compared to Fiscal 2006 Actual (thousands of dollars)

	<u>2006-07</u>	<u>2005-06</u>	<u>Decrease</u>
Libraries, Community and Voluntary Services	<u><u>\$ 24,385</u></u>	<u><u>\$ 44,423</u></u>	<u><u>\$ (20,038)</u></u>

As reported on the Statement of Operations (page 77 of the annual report), LCVS operating expenses amounted to \$24.385 million for fiscal 2006-07, compared to \$44.423 million in fiscal 2005-06. The result was a decrease of \$20.038 million, or 45.11 per cent. The net decrease is primarily due to a one-time grant in 2005-06 to assist libraries in the province with increased cost pressures associated with maintenance and operation.

2006 - 07 PERFORMANCE MEASURES SOURCE AND METHODOLOGY

Goal 1: An effective, responsive, co-operative and well-managed local government sector

Performance Measure

Level of satisfaction with the Local Government Services (LGS) Division's activities, services and programs, in enabling and promoting a co-operative and well-managed local government sector. It calculates the percentage of units within Local Government Services that achieved their individual performance targets. Unit performance is determined through a satisfaction survey of stakeholders.

Data Source

The data for this measure is gathered through the annual LGS Client Satisfaction Survey. Research Innovations Inc. developed the survey instrument in 2000 in consultation with representatives from Alberta Municipal Affairs and Housing and has conducted the survey on LGS's behalf for the past seven years. The most recent survey was conducted October 11 to November 22, 2006. This timing was in line with previous years as the survey is conducted in the fall of each year. Respondents are asked about their satisfaction with the services that they have received in the preceding twelve months.

A comprehensive and specific e-mail/web-based/telephone survey was administered to all identified stakeholders: municipal chief administrative officers (CAOs), municipal chief elected officials (CEOs), municipal assessors, and chief financial officers (CFOs) of companies owning linear property (wells, pipelines, power lines, telecommunications, etc). The survey measures stakeholders' overall satisfaction with each of LGS's nine line units. The questionnaire was structured to include groups of questions about various types of services provided by the units to that client group. Some of the survey questions polled both the CEO and the CAO, or the CAO and the assessor of a municipality, or CAOs and company CFOs, etc. Stakeholders only provide comments on those units and services with which they have had contact within the past 12 months.

The satisfaction scale used is a five-point, anchored satisfaction scale (very dissatisfied, somewhat dissatisfied, neither satisfied nor dissatisfied, somewhat satisfied and very satisfied). The scale that was used has a neutral midpoint, which can be a legitimate response.

Telephone/e-mail/web-based surveying methodology reduces the non-response bias that is common in mail-out surveys. In 2006-07, the survey

had a response rate of 68 per cent. A total of 584 clients participated in the survey, which was down from 642 in 2005-06. 81 per cent of respondents indicated they received at least one service from Local Government Services.

Methodology

The data is received from Research Innovations Inc. summarized for each question in a table format, cross-tabulated by stakeholder type (CAO, CEO, Assessor, CFO and Total) and response (very satisfied, somewhat satisfied, neither satisfied or dissatisfied, somewhat satisfied, very dissatisfied and don't know/not stated).

In an Excel spreadsheet, the un-weighted satisfaction scores of all the questions are tallied against the total number of respondents to determine overall satisfaction for each unit. Any response of somewhat satisfied or very satisfied is counted as a satisfied response for the performance measure.

The levels of satisfaction for each unit are then compared with the satisfaction targets for each unit. The measure is calculated by dividing the number of units that met their target by the total number of units included in the survey. The performance targets were derived from previous surveys, which this measure has replaced. The performance targets used in the calculation of the overall performance are outlined in the table under the analysis section.

Performance Measure

Albertans' satisfaction with their local governments

Data Source

The data for this measure is gathered as part of a nine question telephone survey about Albertans' satisfaction with various aspects of their local government. The results of the survey are based on a probability sample of 1,000 adults living in Alberta. A sample of 1,000 persons within the population produces results that are reliable within plus or minus 3.0 per cent 19 times in 20. The sampling method was designed to complete 1,000 interviews within randomly selected households across the province of Alberta. The sample was drawn in proportion to the populations of 12 urban centres (two Census Metropolitan Areas and 10 smaller urban municipalities) and three rural regions within the province based on information from Statistics Canada 2001 data.

From within each multi-person household randomly selected residents 18 years of age and older were screened for random selection using the "Most Recent Birthday" method. The contractor's report provides a detailed sampling methodology. Survey data, beyond what is in the final report, is stored with the contractor.

Methodology:

The satisfaction survey data for the measure is drawn from a question which asks a sample of 1,000 Albertans about their overall satisfaction with their local government. The results are reported directly from the survey report; Alberta Municipal Affairs and Housing does not perform any further calculations for the performance measure.

The survey is conducted in the early fall of each year. In a year of a municipal election, the survey is conducted again after the election. For 2006-07, the survey was run from September 6-14, 2006.

This survey is conducted as part of an omnibus survey service provided by a private research firm, Environics Research Group Inc. The survey has been conducted by Environics Research Group since its first run, with the exception of 2005, when an omnibus was not scheduled for the early fall; therefore Municipal Affairs and Housing contracted Leger Marketing to replicate the survey.

Goal 2: Financially sustainable and accountable municipalities

Performance Measure

Percentage of municipalities meeting Ministry's criteria of financial accountability as established in the *Municipal Government Act* (MGA).

Data Source

The data used to calculate this measure comes primarily from the annual audited financial statements and the financial information returns which municipalities must submit to the Minister of Municipal Affairs by May 1 for each year, pursuant to the MGA.

The Grants and Administration Unit and the Municipal Advisory Services Unit prepare the data, complete the required calculations, and supply the supplementary information used for this measure. The information is collected for administrative purposes as well as for tabulating the measure.

The data used to calculate this measure is reported based upon a calendar year, which is the fiscal year for municipalities. The results reported in this measure are from the calendar year prior to the fiscal year in which they are reported (e.g., for 2006-07 annual reporting, Municipal Affairs and Housing reports municipal results from the 2005 calendar year).

Methodology

The required data sets are extracted from the Municipal Financial Information System using Microsoft Access and are compiled in an Excel spreadsheet. Points scores are calculated using Excel formulas where possible. Points for section 282 must be entered manually as would supplementary information regarding debt limit extensions and deficit recovery extensions. Supplementary information related to section 252 and 244 is entered manually into the Excel spreadsheet as required.

The measure is calculated based on a demerit point system weighting the 16 criteria as set out in sections 244, 252, 278 and 282 of the *Municipal Government Act*. Municipalities meeting or exceeding 100 points are considered to be outside of the criteria for achieving financial accountability. The scoring system serves as a proxy measure. Scores of 100 points or more would be a solid indicator of an accountability problem and, if continued, would likely indicate a loss of financial sustainability.

Goal 3: A well-managed and efficient assessment and property tax system in which stakeholders have confidence

Performance Measure

Percentage of municipal assessment rolls that meet provincial standards for procedures, uniformity, and equity.

Data Source

No later than January 31 of each year, all municipalities are required by the Alberta Assessment Quality Minister's Guidelines to submit assessment and sales data. Most uploaded their data directly into the province's web-based application, Assessment Shared Services Environment, through their Computer Assisted Mass Appraisal systems. Examples of the type of information submitted include the assessed value, the sale price for sold properties, legal descriptions and property characteristics, etc.

The calculation of median assessment ratios and assessment levels form part of stage one of the annual audit. The annual audit program is an important tool in measuring mass appraisal performance. Through ratio studies, the Assessment Audit Unit compares municipal assessments to market value indicators and verifies whether municipal assessments meet regulated quality standards. Because of the assessment audit cycle, the data upon which the 2006-07 measure is based reflects the 2005 assessment year. For municipalities, their fiscal year is the calendar year.

Methodology

Under the Matters Relating to Assessment and Taxation Regulation, the quality standard specifies that the acceptable range for median assessment ratios is between 0.95 and 1.05.

The Assessment Shared Services Environment calculates ratios of assessment to market value (sale price or indicator of market value) for all sold properties in each value range/property type in the two property categories (Residential and Non-residential). The sub-grouping or stratification is based on assessment value and property type.

The median assessment to sales ratio is calculated for each value range/property type. Each median is then weighted by its respective total assessed value for that value range and a weighted mean is calculated for each of the two categories and expressed as a percentage. The performance measure is determined by calculating the average of the weighted means of municipalities whose ratios fall within the acceptable range for both categories. The performance measure is the percentage of municipalities whose ratios fall between the range of 0.95 and 1.05 for residential and non-residential assessment.

Goal 4: A comprehensive safety system that provides an appropriate level of public safety

Performance Measure

The percentage of assessed accredited municipal entities, corporations, agencies, and delegated administrative organizations administering the *Safety Codes Act* that achieve a satisfactory rating.

Data Source

The accredited organizations identified in a prescribed list for the year are assessed throughout the year using a series of checklists. Safety Services uses an electronic tool that is based on established database software for compiling the raw checklist data. There has been no change in data source or application used to collect data.

Methodology

Accredited municipal entities and corporations are assessed on a revolving basis throughout the year using the latest consecutive twelve month period of data. All accredited municipalities and corporations will be assessed at least once every three years using a prescribed list. One hundred per cent of Delegated Administrative Organizations are monitored/assessed annually at a negotiated time based on the fiscal year. One hundred per cent of authorized accredited agencies under contract with the department are assessed quarterly and the latest available quarterly review is used for scoring and included in the performance measure.

During the year, data gathered using the checklists is entered into the electronic database for accredited municipal entities and corporations. A score is computed for each completed checklist using the percentage of satisfactory responses to checklist questions. A benchmark of 70 per cent has been adopted as a “satisfactory” rating. The checklist scores for the Quality Management Plans (QMPs) and disciplines administered by each organization are then averaged to produce an overall score. The percentage of overall scores that meet or exceed the benchmark is computed for each type of organization (i.e., accredited municipal entities, corporations, agencies and Delegated Administrative Organizations). This percentage of satisfactory performance is then weighted by the number of organizations assessed and combined with that of the other types of organizations to produce the key performance statistic.

The monitoring sample size for the accredited municipalities and accredited corporations is determined as follows:

- 1) the prescribed one-third list is used as the starting point;
- 2) all those accredited entities from the previous year that scored less than satisfactory are then added;
- 3) new municipal entities and corporations accredited in the previous year (which are added to this year’s prescribed one-third list) are also added; and
- 4) those accredited entities that discontinued their accreditations are then removed from the list; and
- 5) in rare situations, accredited municipalities and accredited corporations may request a one-year deferment in their review.

This sampling method, which ensures that each accredited entity will be monitored at least once every three years, was adopted to facilitate a focus on monitoring and following up on the improvement activities that accredited entities agree to undertake. The performance statistic was calculated using the same electronic tools and in the same manner as last year for accredited municipal entities, accredited corporations, accredited agencies and Delegated Administrative Organizations.

Performance Measure

Fire deaths per 100,000 population (10-year moving average).

Data Source

Section 9 of the Administrative Items Regulation under the *Safety Codes Act* requires that a Safety Codes Officer for the fire discipline who investigates the causes and circumstances of a fire must immediately notify the Fire Commissioner if the fire has resulted in loss of life. Additional sources of information on fire deaths are insurance companies/adjusters, the Medical Examiner's Office and police departments. The total number of fire deaths is revised as information is received from these sources. Alberta Official Population data is obtained from the Alberta Municipal Affairs and Housing website.

Methodology

In 2006-07, continual improvements were made to the web-based application called the Fire Electronic Reporting System to enable fire departments and insurance professionals to input fire incident data online. Fire Statistics Reporting Manual and fire incident reports (PDF format) are also posted on the Alberta Emergency Management Agency's Office of the Fire Commissioner website to enable reporting agencies easy online access to fire reporting.

The data is collected in either hard copy or electronically through the Fire Electronic Reporting System. Data from the hard copies is keyed into the system and validated and then fire death figures are extracted using a SAS software program and manually entered into an Excel spreadsheet. The Alberta population figures are then entered into the Excel spreadsheet to calculate the fire death rates, which are plotted in a bar chart as 10-year moving averages. The data and the measure relate to a calendar year, which is consistent with reports produced by Statistics Canada and other jurisdictions, enabling comparisons.

The formula for fire death rate for each year is as follows:

$$\left(\frac{\text{Revised number of fire deaths per year}}{\text{Population}} \right) \times 100,000$$

The fire death rate for the current year and each of the preceding nine years are averaged to produce the 10-year moving average statistic.

Goal 5: An emergency management program that enables effective mitigation of, preparation for, response to, and recovery from major emergencies and disasters

Performance Measure

Percentage of claims where a member of the damage assessment team arrives on-site within 30 days of a claim being received.

Data Source

Separate files are maintained for each application within each program. Information contained in these files is entered into a Microsoft Access disaster recovery database. The disaster recovery database, which has been in use since July 1995, tracks all applications received and activities related to the processing of each application made under a disaster recovery program.

Methodology

The database is used to identify the number of disaster recovery applications and the number of those applications where the damage evaluator arrived on the site within 30 days of receipt of the application. The measurement period is the fiscal program year from April 1, 2006, to March 31, 2007.

Eligible applications are those that fall within the program approval document authorized by the Minister. For example, an application for a property that is outside the approved program boundaries would be deemed ineligible.

The applications are collected in a separate database established for each disaster recovery program. The database records all dates pertinent to the administration of the program and can be queried at any time. A query is done on the database to identify all applications received within the measurement period and their corresponding evaluation date. The performance measure is calculated as a simple percentage: the number of applications that satisfy the 30-day criterion divided by the total number of applications.

Performance Measure

The level of preparedness as measured by the percentage of municipalities that have conducted an emergency management exercise in the last four years.

Data Source

The source for the data on this measure is the compilation of quarterly data submitted by the seven district officers in Community Programs at the Alberta Emergency Management Agency. The cumulative fourth quarter report is used to extract the actual number of municipalities that have exercised their plans in the current year either through a co-ordinated exercise or an actual event, that have not previously exercised their plans in the current four-year period.

Methodology

A schedule is established for all municipalities to be exercised at least once every four fiscal years. All real events where the Municipal Emergency Plan was exercised are included, when and as they happen, replacing the scheduled exercise in the calculation. All seven district officers compile and submit quarterly reports to the Director of Community Programs who maintains a four-year cumulative report for the current exercise window. This information is used to verify the required exercises or events for the municipality. If an exercise is a repeat, it is not included in the measure. Once the current four-year cumulative report by district is updated, a simple sum of the seven districts is calculated, which is divided by the total number of municipalities to produce a cumulative percentage.

The storage of this information was transferred from a Microsoft Excel spreadsheet database to a Microsoft Access database managed internally as part of the continuous improvement for tracking and security of information. Reports are generated from this database to identify the municipalities that exercised their plans during the fiscal four year period.

Goal 6: An independent system that administers appeals and issues timely and impartial decisions of high quality

Performance Measure

Considering the environment of board hearings, in which 50 per cent of parties may receive an unfavourable decision, the board will strive to ensure that 80 per cent of parties who appear before it are satisfied or neutral regarding the board's services and processes.

Data Source

Client satisfaction survey conducted by Research Innovations Inc. and the hearing participant information provided from the Application Tracking Database of the Municipal Government Board (MGB).

Methodology

MGB staff designed two database queries for the purpose of identifying all participants who attended MGB hearings. The staff ran the queries (one for assessment and one for subdivision) listing all appellants and respondents that were attached to hearings. Staff generated lists of all linear, annexations, intermunicipal disputes and equalized parties from paper files and developed a listing in an Excel document. Staff then found e-mail addresses or phone numbers for all parties and sent the list to Research Innovations Inc.

The methodology followed in conducting the survey and preparing the survey results is described in the consultant's final report.

The satisfaction scale used in the report is a five-point, anchored satisfaction scale (strongly agree, somewhat agree, neither agree nor disagree, somewhat disagree, strongly disagree). The scale that was used has a neutral midpoint, which can be a legitimate response.

The statistical result of 83.2 per cent is calculated using equal weighting of the responses to five of the questions stated in table 17 of the consultant's report and one question from table 29 of the same report. In previous years only five questions were used in this calculation. The fourth question in table 17 (related to timeliness of hearings) was not used because previous benchmark information was not available. This information is important in determining client satisfaction with MGB processes. Since there is a previous year for a comparison it is included in the calculation. The results that are used from table 29 are calculated by using the total number of oral decisions (which are deemed to be timely because they are immediate as they are delivered at the closing of the hearing), then adding this value to the number of written decisions times the number of respondents that stated their decisions were timely. In the calculation both the number of oral and the number of written decisions are divided by the total number of decisions to provide the balance between the two types of decisions. All six values are rated equally to arrive at the final statistical value. The database information was derived from all appeal hearings held from April 1, 2005, to March 31, 2006.

Goal 7: Lower-income Albertans have access to a range of housing options and effectively managed housing programs that are focused on those most in need

Performance Measure

Quality of accommodation provided by housing operators, and where appropriate, services provided, as indicated by satisfaction of residents.

Data Source

Satisfaction is determined through a survey conducted for the Ministry by Synovate, a private research firm.

Methodology

Surveys are conducted by telephone with a random sample of residents from each of the housing programs. The top two categories of the six-point scale, "satisfied" and "very satisfied," are combined for an overall rating of satisfaction.

Approximately 400 telephone interviews were conducted with heads or joint heads of households for family housing. Prior to the survey, the Housing Services Division sent out a pre-survey letter to all management bodies in order to prepare their tenants for the expected phone calls.

The division provided Synovate with a list of addresses of all Alberta residents of family housing. Based on this distribution of units by area (Edmonton, Calgary and the rest of province), quotas were set to ensure the survey results are proportionate to the actual regional distribution of residents. Synovate utilized SuperPages, the publisher of TELUS phone books, to conduct an address match in order to provide telephone numbers.

All interviewing was conducted between February 12 and March 3, 2007, inclusive. Calls were made during afternoon and evening hours on weekdays and daytime hours on weekends. Callbacks were scheduled as requested by respondents. A maximum of six calls were made before a number was removed from the sample.

Performance Measure

Number of affordable housing units developed with support from provincial funding.

Methodology

This measure counts the number of affordable housing units that are created with support from provincial funding, such as the Canada-Alberta Affordable Housing Agreement. Results include agreements that are signed during the fiscal year and may include projects in any phase of development. Once capital funds are committed, the number of units is recorded to comply with federal regulations for reporting.

Goal 8: An accessible public library service and effectively supported communities and voluntary sector

Performance Measure

Usage of public library services by adult Albertans.

Data Source

The source for the data on this measure is the Alberta Tourism, Parks, Recreation and Culture – 2007 Survey of Albertans, conducted by Research Innovations Inc. The response rate was 57 per cent.

Methodology

Consistent with surveys in previous years, 1,000 adult Albertans were interviewed. To survey a random and representative sample of Albertans, quotas were established for the number of interviews within six geographic areas of the province, and within each geographic area, for each age group (i.e., 18-34, 35-54, 55 years or older) and, within each age segment, for the number of interviews with males and females. Based on Statistics Canada's 2001 Census data, the number of interviews in each age-gender segment was proportionate to their 2001 population estimates. All interviews were conducted from March 6 to 31, 2007.

The sample was drawn randomly from the most recent residential phone listings within Alberta. To randomly select respondents at the household level, the interview was conducted with the adult in the household who was having the next birthday. The data was collected by telephone by trained and experienced interviewers at Research Innovations' Central Location Telephone Interviewing Facility in Edmonton.

At the outset of the project, Research Innovations met with representatives of the department to discuss the details of the study, review the past survey questions and methods, and redesign the survey instrument as required to meet their needs.

The results for this performance measure are based on the percentage of all respondents who answered yes in Question L1 of the survey: “Have you used a public library in Alberta in the past 12 months?”

Performance Measure

Customer satisfaction with capacity building facilitation services and workshops.

Data source

The data used to calculate this measure comes from a customer satisfaction survey. Survey respondents are clients with whom agreements for service have been determined and are selected from the membership of those who receive branch services. Clients are community leaders, members of organizations or representatives of government set in the context of group participation. Only projects completed during the fiscal year, even if the project was started prior to the fiscal year, are counted in the survey.

Staff completed 643 projects of which 600 had completed surveys. 4,323 surveys were distributed and 3,968 were returned. 3,929 surveys included a response to the question the performance measure’s results are desired from.

Methodology

The survey data is collected at the close of service delivery. The customer satisfaction survey, generated by the Customer Service Information system, is usually distributed by the community development officer but can sometimes be distributed through electronic transmission (fax or e-mail). The completed surveys are returned in an envelope that has been sealed by a volunteer from the client group or returned electronically to the regional office. The response rate was 91 per cent for the year.

The Customer Service Information system, a project-based system, includes survey response data from projects delivered through regional offices throughout the province. Results are calculated by dividing the total number of positive responses (taken as either of the top two responses from the rating scale) by the number of surveys returned that included a response to the performance measure question.

Overall satisfaction (positive response) is based on the top two response categories of a six point Likert scale with the following response categories: very satisfied, satisfied, slightly satisfied, slightly dissatisfied, dissatisfied and very dissatisfied.

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*NOTE TO READER:
The unaudited financial
information being presented
here was derived from the
December 31, 2006, audited
financial statements of each
Improvement District



To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Municipal Affairs and Housing as at March 31, 2007 and 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, 2007 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**

FCA
Auditor General

Edmonton, Alberta
May 18, 2007

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING
CONSOLIDATED STATEMENT OF OPERATIONS

Year ended March 31, 2007

(in thousands)

	2007		2006
	Budget (Schedule 4)	Actual	Actual (Restated - Note 3)
Revenues (Schedule 1)			
Contributions from Lottery Fund	\$ 26,000	\$ 26,000	\$ 24,000
Transfers from Government of Canada	93,884	125,006	223,470
Premiums, Fees and Licences	395	459	400
Investment Income	1,575	4,337	2,290
Other Revenue	3,933	3,233	3,613
Net Operating Income from Safety Codes Council	72	1,550	1,007
	<u>125,859</u>	<u>160,585</u>	<u>254,780</u>
Expenses - Directly Incurred (Note 2b and Schedule 6)			
Voted (Schedule 3)			
Ministry Support Services	10,626	11,546	10,039
Local Government Services	113,770	97,932	102,626
Public Safety	14,670	25,838	181,756
Municipal Government Board	3,059	3,518	3,338
Community and Library Services	24,733	24,385	44,423
Housing Services	169,061	214,912	183,103
Grants in Kind	19,224	19,200	18,914
Debt Servicing	65,779	59,220	38,983
	<u>420,922</u>	<u>456,551</u>	<u>583,182</u>
Statutory			
Valuation Adjustments			
Provision for Doubtful Accounts		67	24
Provision for Vacation Pay	200	498	440
Guarantees, Indemnities and Mortgages	85	(73)	(34)
	<u>285</u>	<u>492</u>	<u>430</u>
	<u>421,207</u>	<u>457,043</u>	<u>583,612</u>
Gain on Disposal of Tangible Capital Assets	<u>36,473</u>	<u>18,181</u>	<u>25,417</u>
Net Operating Results	<u>\$ (258,875)</u>	<u>\$ (278,277)</u>	<u>\$ (303,415)</u>

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

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31, 2007
(in thousands)

	<u>2007</u>	<u>2006</u> (Restated - Note 3)
ASSETS		
Cash	\$ 119,257	\$ 80,141
Accounts Receivable (Note 6)	188,886	178,670
Loans and Advances (Note 8)	12,590	20,179
Tangible Capital Assets (Note 9)	698,207	725,232
Deferred Charge	1,236	1,337
Equity in Safety Codes Council (Note 4)	5,507	3,957
	<u>\$ 1,025,683</u>	<u>\$ 1,009,516</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 277,433	\$ 271,254
Accrued Interest Payable	2,430	8,803
Allowance for Losses on Guarantees and Indemnities	24	93
Deferred Revenue	57,680	-
Long-Term Debt (Note 11)	321,455	422,307
	<u>659,022</u>	<u>702,457</u>
NET ASSETS		
Net Assets at Beginning of Year	307,059	306,569
Net Operating Results	(278,277)	(303,415)
Net Transfer from General Revenues	337,879	303,905
Net Assets at End of Year	<u>366,661</u>	<u>307,059</u>
	<u>\$ 1,025,683</u>	<u>\$ 1,009,516</u>

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

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING
CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31, 2007

(in thousands)

	2007	2006
	Actual	Actual
		(Restated - Note 3)
Operating Transactions		
Net Operating Results	\$ (278,277)	\$ (303,415)
Non-cash items included in Net Operating Results:		
Amortization of tangible capital assets	24,975	25,282
Amortization of deferred financing charges	101	160
Grants in Kind	19,200	18,914
Gain on Disposal of Tangible Capital Assets	(18,181)	(25,417)
Contributions in kind	(315)	(239)
Valuation Adjustments	492	430
Undistributed Earnings in Safety Codes Council	(1,550)	(1,007)
	<u>(253,555)</u>	<u>(285,292)</u>
Changes in Working Capital		
Increase in Accounts Receivable	(10,283)	(120,471)
Increase in Accounts Payable and Accrued Liabilities	5,682	155,278
Decrease in Accrued Interest Payable	(6,373)	(642)
Increase in Deferred Revenue	57,680	-
Cash Applied to Operating Transactions	<u>(206,849)</u>	<u>(251,127)</u>
Capital Transactions		
Acquisition of Tangible Capital Assets	(958)	(1,151)
Disposal of Tangible Capital Assets	2,303	16,962
Cash Provided by Capital Transactions	<u>1,345</u>	<u>15,811</u>
Investing Transactions		
Repayments of Loans and Advances	7,593	10,112
Additions to Loans and Advances	-	(56)
Cash Provided by Investing Transactions	<u>7,593</u>	<u>10,056</u>
Financing Transactions		
Repayment of advance from Alberta Finance	-	(33,875)
Repayment of long term debt	(100,852)	(26,170)
Net Transfer from General Revenues	337,879	303,905
Cash Provided by Financing Transactions	<u>237,027</u>	<u>243,860</u>
Increase in Cash	39,116	18,600
Cash, Beginning of Year	80,141	61,541
Cash, End of Year	<u>\$ 119,257</u>	<u>\$ 80,141</u>

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

NOTE 1 AUTHORITY AND PURPOSE

The Ministry of Municipal Affairs and Housing operates under the authority of the *Government Organization Act, Chapter G-10, Revised Statutes of Alberta 2000*. The Minister is responsible for the organizations listed in Note 2(a). The authority under which each organization operates is also disclosed in Note 2(a).

The Ministry works in partnership with Alberta's municipalities, other provincial government departments, our federal partners, local authorities, various organizations focused on local issues, and the private sector to ensure Albertans live in safe and sustainable communities and are served by open, effective, accountable and well-managed local governments.

This is done by:

- Assisting municipalities in providing accountable and effective local government to Albertans.
- Administering a safety system that strives to ensure appropriate safety standards for the construction and maintenance of buildings and equipment.
- Delivering programs to assist lower-income Albertans in meeting their housing needs.
- Enhancing Albertans' quality of life by promoting programs pertaining to libraries, communities, and the non-profit/voluntary sector.
- Co-ordinating a comprehensive, cross-government all-hazards approach to managing emergencies in the province.
- Conducting hearings, renders decisions and/or provides recommendations to Cabinet on matters defined under the *Municipal Government Act* through the independent, quasi-judicial Municipal Government Board.
- Managing 2.8 million acres of public land in the Special Areas and provides municipal services to the dryland region in eastern Alberta through the Special Areas Board.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Reporting Entity

The reporting entity is the Ministry of Municipal Affairs and Housing for which the Minister of Municipal Affairs and Housing is accountable. 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 Department of Municipal Affairs and Housing (*Government Organization Act*), the Safety Codes Council (*Safety Codes Act*) and the Alberta Social Housing Corporation (*Alberta Housing Act*). The Ministry is also responsible for the Improvement Districts' Trust Account and Special Areas Trust Account, the activities of which are not included in these financial statements except by way of disclosure in Note 14 to these financial statements.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND REPORTING PRACTICES (continued)**

(a) Reporting Entity (continued)

All departments of the Government of Alberta operate within the General Revenue Fund (the 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 departments are paid from the Fund. Net transfer (to) from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Consolidation

The accounts of the Department of Municipal Affairs and Housing and the Alberta Social Housing Corporation 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.

The accounts of the Safety Codes Council are reported on the modified equity basis, the equity being computed in accordance with generally accepted accounting principles.

The Ministry's Annual Report for the year ended March 31, 2007 includes the Safety Codes Council audited financial statements for the year ended December 31, 2006.

(c) Basis of Financial Reporting

Revenues

All revenues are recorded on the accrual basis of accounting with the exception of interest on Rural and Native mortgages that are classified as non-accrual. Rural and Native mortgages are classified as non-accrual when payments are sixty days in arrears.

Cash received for which goods or services have not been provided by year-end is recorded as unearned revenue.

Transfers from Government of Canada are recognized as revenues when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

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.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND REPORTING PRACTICES (continued)**

(c) Basis of Financial Reporting (continued)

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 budgeted revenues are not fully realized, spending is reduced by an equivalent amount. 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.

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.
- 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, guarantees and indemnities.
- grants which are recognized when authorized and eligibility criteria for the grant are met.

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.

Loan and advances include mortgages that are reported at cost less provisions for losses, and agreements receivable. Cost of mortgages includes amounts advanced, accrued interest, and other charges, less repayments and subsidies.

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.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
 AND REPORTING PRACTICES (continued)**

(c) Basis of Financial Reporting (continued)

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.

Deferred financing charges on debt financing are amortized over the life of the debt on a straight-line basis.

Liabilities

Liabilities are recorded to the extent that they represent obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in a sacrifice of economic benefits in the future.

Net Assets/Net Liabilities

Net assets/net liabilities represents the difference between the carrying value of assets held by the Ministry and its liabilities.

Measurement Uncertainty

(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Estimates relating to the determination of the Government of Canada accounts receivable (\$169,840), and the Underground Petroleum Storage Tank and Disaster Recovery accrued liabilities (\$83,475), as disclosed in these statements are subject to measurement uncertainty.

NOTE 3 PROGRAM TRANSFERS AND PRIOR PERIOD RESTATEMENT

(in thousands)

As a result of restructuring of government ministries announced on December 13, 2006, there were transfers of responsibility to the Ministry from other government departments. The responsibility for Housing Services was transferred from the Department of Seniors and Community Supports. The responsibility for Community and Library Services was transferred from the Department of Tourism, Parks, Recreation and Culture. Comparatives for 2006 have been restated as if the Ministry had always been assigned its current responsibilities.

Net assets (liabilities) on March 31, 2005 is made up as follows:

Net liabilities as previously reported	\$ (6,999)
Net liabilities transferred from Seniors and Community Supports	(33,101)
Net assets transferred from Tourism, Parks, Recreation and Culture	17
Net assets transferred from Alberta Social Housing Corporation	346,652
Net assets at March 31, 2005	<u>\$ 306,569</u>

NOTE 4 EQUITY IN SAFETY CODES COUNCIL (SCC)

(in thousands)

For the year ended December 31:

	<u>2006</u>	<u>2005</u>
Equity in SCC, Beginning of Year	\$ 3,957	\$ 2,950
Total Revenues	4,783	3,746
Total Expenses	(3,233)	(2,739)
Other Adjustments	-	-
Equity in SCC, End of Year	<u>\$ 5,507</u>	<u>\$ 3,957</u>

NOTE 5 CASH

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

NOTE 6 ACCOUNTS RECEIVABLE

(in thousands)

	<u>2007</u>			<u>2006</u>
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Government of Canada	\$ 170,130	\$ 290	\$ 169,840	\$ 172,371
Management Organizations	14,857	-	14,857	4,680
Other	4,337	148	4,189	1,619
	<u>\$ 189,324</u>	<u>\$ 438</u>	<u>\$ 188,886</u>	<u>\$ 178,670</u>

Accounts receivable are unsecured and non-interest bearing.

NOTE 7 VALUATION OF FINANCIAL ASSETS AND LIABILITIES

(in thousands)

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 (other than Disaster Recovery accounts receivable), advances, accounts payable, accrued liabilities, and holdbacks are estimated to approximate their carrying values because of the short term nature of these instruments.

Disaster Recovery accounts receivable (\$123,797), as included in the Government of Canada accounts receivable, is a long term financial instrument and non-interest bearing. As a result, the Ministry believes the fair value of this financial instrument to be less than its carrying value. However, due to the uncertainty as to the eventual collection or repayment date of this financial instrument, the Ministry is unable to estimate the fair value.

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 Year ended March 31, 2007

NOTE 8 LOANS AND ADVANCES

(in thousands)

	2007				2006	
	Gross Amount	Non-Accrual	Allowance for Losses	Net Realizable Value	Net Realizable Value (Restated - Note 3)	
Rural and Native ^(a)	\$ 7,163	\$ 569	\$ (4)	\$ 7,728	\$ 9,939	
Agreements receivable ^(b)	4,736	-	-	4,736	10,077	
Other loans and advances	126	-	-	126	163	
	<u>\$ 12,025</u>	<u>\$ 569</u>	<u>\$ (4)</u>	<u>\$ 12,590</u>	<u>\$ 20,179</u>	

(a) These mortgages are provided under the Rural and Native Housing program with payments based on an amortization period of 25 years and five-year interest renewal terms.

(b) Agreements receivable represent amounts receivable for land sales.

NOTE 9 TANGIBLE CAPITAL ASSETS

(in thousands)

The cost of assets and the related accumulated amortization for the Ministry are summarized below.

	Estimated Useful Life	2007 Historical Cost					
		Beginning of Year	Additions	Disposals, including write-downs	End of Year		
Land	Indefinite	\$ 120,066	\$ 417	\$ (1,192)	\$ 119,291		
Buildings	10-50 years	1,105,118	-	(4,066)	1,101,052		
Equipment	10 years	1,233	88	-	1,321		
Computer hardware and software	5 years	13,027	767	-	13,794		
		<u>\$ 1,239,444</u>	<u>\$ 1,272</u>	<u>\$ (5,258)</u>	<u>\$ 1,235,458</u>		
2006 Total (Restated - Note 3)		<u>\$ 1,250,459</u>	<u>\$ 1,389</u>	<u>\$ (12,404)</u>	<u>\$ 1,239,444</u>		

	Beginning of Year	2007 Accumulated Amortization				
		Amortization Expense	Effect of Disposals	End of Year	NBV at March 31, 2007	NBV at March 31, 2006
Land	\$ -	\$ -	\$ -	\$ -	\$ 119,291	\$ 120,066
Buildings	504,420	23,187	(1,936)	525,671	575,381	600,698
Equipment	673	121	-	794	527	560
Computer hardware and software	9,119	1,667	-	10,786	3,008	3,908
	<u>\$ 514,212</u>	<u>\$ 24,975</u>	<u>\$ (1,936)</u>	<u>\$ 537,251</u>	<u>\$ 698,207</u>	<u>\$ 725,232</u>
2006 Total (Restated-Note 3)	<u>\$ 490,875</u>	<u>\$ 25,282</u>	<u>\$ (1,945)</u>	<u>\$ 514,212</u>		

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 Year ended March 31, 2007

NOTE 10 GUARANTEES AND INDEMNITIES

(in thousands)

The Ministry has outstanding guarantees that were issued by the Alberta Social Housing Corporation on the sale of certain of its mortgages whereby the Corporation will reimburse mortgagees for any losses that may occur on default by mortgagors. Any claims for losses by the mortgagees will be reduced by the amounts realized from the sale of the underlying properties.

Guaranteed amounts, the last of which was guaranteed on March 30, 1994, are as follows:

	<u>2007</u>	<u>2006</u>
Mortgages, on multi-unit rental properties and land, guaranteed to:		
2009	\$ 65	\$ 125
2011	<u>17,520</u>	<u>26,779</u>
	<u>\$ 17,585</u>	<u>\$ 26,904</u>

Under the former mobile home loan insurance program, the Ministry through the Alberta Social Housing Corporation has agreed to indemnify losses on mobile home loans issued by financial institutions. The outstanding loans as at March 31, 2007 amount to \$772 (2006 - \$1,203). This program was terminated effective October 1, 1993. However, the Ministry through the Alberta Social Housing Corporation has an ongoing commitment on the insurance policies remaining in force.

An allowance for losses has been made on these guarantees and indemnities in the amount of \$24 (2006 - \$93).

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 Year ended March 31, 2007

NOTE 11 LONG-TERM DEBT

(in thousands)

The Ministry's long-term debt and exposure to interest rate risk is summarized as follows:

	<u>2007</u>	<u>2006</u>
Debentures payable:		
Canada Mortgage and Housing Corporation ^(a)	\$ 77,263	\$ 78,512
Alberta Heritage Savings Trust Fund ^(b)	-	80,927
Note payable to Alberta Finance ^(c)	<u>244,192</u>	<u>262,868</u>
	<u>\$ 321,455</u>	<u>\$ 422,307</u>

^(a) maturing January 2023 to January 2030 with a weighted average effective rate of 9.63%.

^(b) repaid to Alberta Heritage Savings Trust Fund during the year.

^(c) maturing September 16, 2016 with an effective rate of 5.93%.

The Province of Alberta guarantees the repayment of principal and interest on all borrowings.

The debentures, including interest thereon, are repayable in equal annual or semi-annual instalments and the note payable is repayable in equal semi-annual instalments.

Approximate aggregate repayments of principal in each of the next five years are:

2008	\$ 21,166
2009	22,486
2010	23,890
2011	25,384
2012	26,973
thereafter	<u>201,556</u>
	<u>\$ 321,455</u>

Long-term debt has a fair value of \$117,760 (2006 - \$119,794) for Canada Mortgage and Housing Corporation debentures and \$262,507 (2006 - \$283,657) for Note payable to Alberta Finance. Fair values for debt are based on the Province of Alberta's current borrowing rates, which are available to the Ministry for debt with similar terms and maturities.

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 Year ended March 31, 2007

NOTE 12 CONTRACTUAL OBLIGATIONS

(in thousands)

As at March 31, 2007, the Ministry had the following contractual obligations:

	<u>2007</u>	<u>2006</u>
		(Restated - Note 3)
Operating Expense		
Service Contracts	\$ 3,127	\$ 3,329
Agreements	278,286	256,252
Long-term Leases ^(a)	<u>42,686</u>	<u>44,033</u>
	<u>\$ 324,099</u>	<u>\$ 303,614</u>

- (a) The Alberta Social Housing Corporation leases land under various leases for the purpose of providing social housing.

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

	Service Contracts	Agreements	Long-term Leases	Total
2007-08	\$ 3,054	\$ 29,486	\$ 1,350	\$ 33,890
2008-09	35	15,773	1,347	17,155
2009-10	38	15,744	1,348	17,130
2010-11	-	15,742	1,347	17,089
2011-12	-	15,741	1,347	17,088
Thereafter	-	185,800	35,947	221,747
	<u>\$ 3,127</u>	<u>\$ 278,286</u>	<u>\$ 42,686</u>	<u>\$ 324,099</u>

NOTE 13 CONTINGENT LIABILITIES

(\$ in thousands)

At March 31, 2007, the Ministry is a defendant in sixty-one legal claims (2006 - sixty-three claims). Fifty-five of these claims have specified amounts totalling \$91,698 and the remaining six have not specified any amount (2006 - fifty-six claims with a specified amount of \$71,274 and six with no specified amount). Included in the total legal claims are eleven claims in which the Ministry has been jointly named with other entities, nine of which have specified claims amounting to \$7,161 (2006 - eight claims amounting to \$7,023 and two claims with no specified amount). Eight claims amounting to \$4,206 (2006 - fifty-six claims amounting to \$70,544 and three claims reporting no specified amount) are covered by the Alberta Risk Management Fund.

Of the sixty-one legal claims mentioned above, forty-three claims totalling \$62,865 and three claims reporting no specified amounts are commenced by individuals as a result of alleged damages then incurred through the use of untreated pine shakes as roofing material. A number of sample cases went to trial. The Court of Queen's Bench of Alberta dismissed the plaintiffs' case because it did not disclose a valid cause of action. The plaintiffs appealed to the Court of Appeal and their appeal was dismissed. The plaintiffs currently have filed an application with the Supreme Court of Canada seeking leave to appeal to that court.

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

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 Year ended March 31, 2007

NOTE 14 TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

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 purpose of various trusts, they are not included in the Ministry's financial statements.

The financial statements of the following trust funds are prepared on a calendar year basis and the net assets as disclosed in the audited financial statements of the trust funds for December 31, 2006 and December 31, 2005 are as follows:

	<u>2006</u>	<u>2005</u>
Special Areas Trust Account	\$ 80,003	\$ 74,859
Improvement Districts' Trust Account	3,373	3,135
	<u>\$ 83,376</u>	<u>\$ 77,994</u>

As at March 31, 2007, the following trust fund under administration had a balance as follows:

	<u>2007</u>	<u>2006</u>
Gunn Centre resident trust fund	\$ 10	\$ 10

NOTE 15 PAYMENTS UNDER AGREEMENT

(in thousands)

The Ministry has entered into agreements to deliver programs and services that are fully funded by:

- The National Search and Rescue Secretariat to deliver search and rescue projects under the Federal Government's New Search and Rescue Initiatives Fund.
- Indian and Northern Affairs Canada to deliver the Alberta First Nations Emergency Planning Program.
- The Federal Office of Critical Infrastructure Protection and Emergency Preparedness Program which is designed to provide financial assistance, on a cost-shared basis with municipalities, to fund projects that will develop or enhance a regional emergency response capability.

Costs incurred under these agreements are made by the Ministry under authority of the *Financial Administration Act*, Section 25. Accounts receivable includes \$848 (2006 - \$464) and accounts payable includes \$492 (2006 - \$338) relating to payments under agreement.

Amounts paid and payable under agreement are as follows:

	<u>2007</u>	<u>2006</u>
New Search and Rescue Initiatives Fund	\$ 220	\$ 229
First Nations Emergency Planning Program	633	423
Joint Emergency Preparedness Program	1,139	371
	<u>\$ 1,992</u>	<u>\$ 1,023</u>

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 Year ended March 31, 2007

NOTE 16 HOUSING PROPERTIES

(in thousands)

The Ministry of Municipal Affairs and Housing supports the provision of community housing through management organizations. Grants are provided to management organizations that have expenses in excess of revenues, and recoveries are made from management organizations that have revenues in excess of expenses. Management organizations do not record expenses for insurance, amortization and interest on long-term debt on buildings. These costs are incurred and recorded by the Ministry.

Information on revenues and expenses of community housing management organizations is disclosed so as to provide the reader with an understanding of the scope of the housing services being provided.

	<u>2007</u>	<u>2006</u>
Revenues	\$ 38,721	\$ 31,763
Expenses	<u>(59,654)</u>	<u>(55,640)</u>
Net operating results	<u>\$ (20,933)</u>	<u>\$ (23,877)</u>

The above results are recorded on the statement of operations for the year as follows:

	<u>2007</u>	<u>2006</u>
Recoveries from management organizations	\$ -	\$ 46
Grants to management organizations	<u>(20,933)</u>	<u>(23,923)</u>
Net results	<u>\$ (20,933)</u>	<u>\$ (23,877)</u>

NOTE 17 PROGRAM RECOVERIES

Cost-sharing agreements provide for a contribution by Canada Mortgage and Housing Corporation (CMHC) towards subsidies of rental properties and mortgages receivable, and for certain capital costs, administration expenses and net operating results, of approved community housing projects that are recorded by the Ministry.

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2007

NOTE 18 DEFINED BENEFIT PLANS

(in thousands)

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 of these pension plans is equivalent to the annual contributions of \$3,212 for the year ended March 31, 2007 (2006 - \$2,750).

At December 31, 2006, the Management Employees Pension Plan reported a deficiency of \$6,765 (2005 - \$165,895) and the Public Service Pension Plan reported a surplus of \$153,024 (2005 - deficiency of \$187,704). At December 31, 2006, the Supplementary Retirement Plan for Public Service Managers had a surplus of \$3,698 (2005 - \$10,018).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2007, the Bargaining Unit Plan reported an actuarial surplus of \$153 (2006 - actuarial deficiency of \$8,699) and the Management, Opted Out and Excluded Plan an actuarial surplus of \$10,148 (2006 - \$8,309). The expense for these two plans is limited to the employer's annual contributions for the year.

NOTE 19 COMPARATIVE FIGURES

Certain 2006 figures have been reclassified to conform to the 2007 presentation.

NOTE 20 APPROVAL OF FINANCIAL STATEMENTS

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

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING
 SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS

Schedule 1

Revenues
 Year ended March 31, 2007
 (in thousands)

	2007		2006
	Budget	Actual	Actual
			(Restated - Note 3)
Internal Government Transfers			
Transfer from the Lottery Fund	\$ 26,000	\$ 26,000	\$ 24,000
Transfers from the Government of Canada			
Recoveries from Canada Mortgage and Housing Corporation	93,784	93,860	91,821
Affordable Housing Program	-	15,173	-
Off-Reserve Aboriginal Housing Program	-	16,142	-
Recoveries from Indian and Northern Affairs Canada	100	144	83
Disaster Assistance Programs	-	(319)	131,544
Other	-	6	22
	<u>93,884</u>	<u>125,006</u>	<u>223,470</u>
Investment Income			
Bank and other	1,400	4,270	2,138
Mortgages	175	67	152
	<u>1,575</u>	<u>4,337</u>	<u>2,290</u>
Net Income from Safety Codes Council	<u>72</u>	<u>1,550</u>	<u>1,007</u>
Fees, Permits and Licences	<u>395</u>	<u>459</u>	<u>400</u>
Other Revenue			
Dedicated Revenue Initiatives	1,626	1,626	1,627
Recoveries from management organizations	-	-	46
Contributions in kind	-	315	239
Refunds of Expenditure	155	630	1,223
Rental Revenue	-	326	301
Miscellaneous	2,152	336	177
	<u>3,933</u>	<u>3,233</u>	<u>3,613</u>
	<u>\$ 125,859</u>	<u>\$ 160,585</u>	<u>\$ 254,780</u>

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING
 SCHEDULE TO CONSOLIDATED THE FINANCIAL STATEMENTS
 DEDICATED REVENUE INITIATIVES

Schedule 2

Year ended March 31, 2007
 (in thousands)

	2007		Excess
	Authorized Dedicated Revenue	Actual Dedicated Revenue	
Linear Assessment Services			
	\$ 1,626	\$ 1,626	\$ -

The Ministry prepares linear property and major plant assessments for various municipalities on a cost recovery basis. The dedicated revenues are reported as part of other revenues on the Ministry's statement of operations.

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING
 SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
 EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT

Schedule 3

Year ended March 31, 2007
 (in thousands)

	2007		2006
	Budget	Actual	Actual (Restated - Note 3)
<u>Voted:</u>			
Salaries, Wages and Employee Benefits	\$ 41,632	\$ 40,992	\$ 38,453
Supplies and Services	26,496	25,191	43,324
Grants	260,761	306,113	437,084
Debt Servicing Costs	65,779	59,220	38,983
Financial Transactions and Other	52	60	56
Amortization of Tangible Capital Assets	26,202	24,975	25,282
Total Voted Expenses	<u>\$ 420,922</u>	<u>\$ 456,551</u>	<u>\$ 583,182</u>
<u>Statutory:</u>			
Valuation Adjustments			
Provision for Doubtful Accounts	\$ -	\$ 67	\$ 24
Provision for Vacation Pay	200	498	440
Guarantees, Indemnities and Mortgages	85	(73)	(34)
	<u>\$ 285</u>	<u>\$ 492</u>	<u>\$ 430</u>

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING
 BUDGET
 Year ended March 31, 2007
 (in thousands)

Schedule 4

	2006-2007				
	Estimates	Adjustments	Budget	Supplementary (a)	Authorized Budget
Revenues					
Contributions from Lottery Fund	\$ 26,000	\$ -	\$ 26,000	\$ -	\$ 26,000
Transfers from Government of Canada	93,884	-	93,884	-	93,884
Premiums, Fees and Licences	395	-	395	-	395
Investment Income	1,575	-	1,575	-	1,575
Other Revenue	3,933	-	3,933	-	3,933
Net Income from Safety Codes Council	72	-	72	-	72
	<u>125,859</u>	<u>-</u>	<u>125,859</u>	<u>-</u>	<u>125,859</u>
Expenses - Directly Incurred					
Voted Expenses					
Ministry Support Services	10,626	-	10,626	-	10,626
Local Government Services	113,770	-	113,770	-	113,770
Public Safety	14,670	-	14,670	20,356	35,026
Municipal Government Board	3,059	-	3,059	-	3,059
Community and Library Services	24,733	-	24,733	-	24,733
Housing Services	169,061	-	169,061	42,846	211,907
Grants in Kind	19,224	-	19,224	-	19,224
Debt Servicing	65,779	-	65,779	-	65,779
	<u>420,922</u>	<u>-</u>	<u>420,922</u>	<u>63,202</u>	<u>484,124</u>
Statutory Expenses					
Valuation Adjustments					
Provision for Doubtful Accounts	-	-	-	-	-
Provision for Vacation Pay	200	-	200	-	200
Guarantees, Indemnities and Mortgages	85	-	85	-	85
	<u>285</u>	<u>-</u>	<u>285</u>	<u>-</u>	<u>285</u>
	<u>421,207</u>	<u>-</u>	<u>421,207</u>	<u>63,202</u>	<u>484,409</u>
Gain on Disposal of Tangible Capital Assets	36,473	-	36,473	-	36,473
Net Operating Results	<u>\$ (258,875)</u>	<u>\$ -</u>	<u>\$ (258,875)</u>	<u>\$ (63,202)</u>	<u>\$ (322,077)</u>
Equipment/Inventory Purchases (EIP)	<u>\$ 1,190</u>	<u>\$ -</u>	<u>\$ 1,190</u>	<u>\$ -</u>	<u>\$ 1,190</u>

(a) Supplementary Estimates were approved on September 8, 2006 and March 23, 2007. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act* (for net budgeted initiatives).

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING
 SCHEDULE TO THE FINANCIAL STATEMENTS
 RELATED PARTY TRANSACTIONS
 Year ended March 31, 2007
 (in thousands)

Schedule 5

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

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses 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 had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2007	2006
		(Restated - Note 3)
Revenues		
Lottery Fund	\$ 26,000	\$ 24,000
Expenses - Directly Incurred		
Business and Technology Services	\$ 1,778	\$ 2,690
Debt Servicing Costs	51,689	31,342
Insurance	80	70
Grants	-	173
Other	84	-
	<u>\$ 53,631</u>	<u>\$ 34,275</u>
Deferred Financing charges		
Alberta Finance	\$ 1,017	\$ 1,210
Accounts Payable to:		
Alberta Seniors	11,788	10,546
Alberta Finance	244,787	263,508
Alberta Heritage Savings Trust Fund	-	87,225
Alberta Tourism, Parks, Recreation and Culture	333	-
Service Alberta	41	-
	<u>\$ 256,949</u>	<u>\$ 361,279</u>
Accounts Receivable from:		
Risk Management and Insurance	\$ 1,787	\$ 885

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING
 SCHEDULE TO THE FINANCIAL STATEMENTS
 RELATED PARTY TRANSACTIONS

Schedule 5
 continued

Year ended March 31, 2007
 (in thousands)

The Department 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 expense amounts are not recorded in the financial statements but are disclosed in Schedule 6.

	2007	2006
	Other Entities (Restated - Note 3)	
Expenses - Incurred by Others (Schedule 6)		
Accommodation	\$ 6,605	\$ 6,503
Air Transportation/Executive Vehicles	110	67
Business Services	1,442	1,453
Internal Audit	70	-
Legal	699	757
	<u>\$ 8,926</u>	<u>\$ 8,780</u>

The Ministry paid \$30,748 (2006 - \$30,711) of grants in place of taxes on behalf of other ministries.

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING
SCHEDULE TO THE FINANCIAL STATEMENTS
ALLOCATED COSTS

Schedule 6

Year ended March 31, 2007
(in thousands)

Program	2007										2006
	Expenses - Incurred by Others					Valuation Adjustments (5)					Expenses (Restated - Note 3)
	Expenses (1)	Grants in Kind (1)	Debt Servicing (1)	Accommodation Costs (2)	Business Services (3)	Legal/Internal Audit Services (4)	Vacation Pay	Losses/Recoveries	Doubtful Accounts	Expenses	
Ministry Support Services	\$ 11,546	\$ -	\$ -	\$ 1,453	\$ 1,552	\$ 169	\$ 93	\$ -	\$ -	\$ 14,813	\$ 11,381
Local Government Services	97,932	-	-	1,443	-	278	140	-	-	99,793	104,235
Public Safety	25,838	-	-	1,453	-	175	102	-	67	27,635	183,512
Municipal Government Board Community and Library Services	3,518	-	-	387	-	129	22	-	-	4,056	3,830
	24,385	-	-	107	-	-	87	-	-	24,579	44,563
Housing Services	214,912	19,200	59,220	1,762	-	18	54	(73)	-	295,093	244,845
	\$ 378,131	\$ 19,200	\$ 59,220	\$ 6,605	\$ 1,552	\$ 769	\$ 498	\$ (73)	\$ 67	\$ 465,969	\$ 592,366

(1) Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments

(2) Cost shown for Accommodation on Schedule 5, allocated by square footage.

(3) Business Services includes financial and administrative services and air transportation and executive vehicle services, allocated by estimated costs incurred in each program.

(4) Cost shown for Legal and Internal Audit Services on Schedule 5, allocated by estimated costs incurred by each program.

(5) 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.



Auditor's Report

To the Minister of Municipal Affairs

I have audited the statement of financial position of the Department of Municipal Affairs and Housing as at March 31, 2007 and statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Department's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2007 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 18, 2007

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING

STATEMENT OF OPERATIONS

Year ended March 31, 2007

(in thousands)

	2007		2006
	Budget (Schedule 4)	Actual	Actual (Restated - Note 3)
Revenues (Schedule 1)			
Contributions from Lottery Fund	\$ 26,000	\$ 26,000	\$ 24,000
Transfers from Government of Canada	32,300	64,718	164,535
Premiums, Fees and Licences	395	459	400
Other Revenue	1,781	2,451	2,680
	<u>60,476</u>	<u>93,628</u>	<u>191,615</u>
Expenses - Directly Incurred (Note 2b and Schedule 8)			
Voted (Schedules 3 and 5)			
Ministry Support Services	10,626	11,546	10,039
Local Government Services	113,770	97,932	102,626
Public Safety	14,670	25,838	181,756
Municipal Government Board	3,059	3,518	3,338
Community and Library Services	24,733	24,385	44,423
Housing Services	284,022	326,768	183,083
	<u>450,880</u>	<u>489,987</u>	<u>525,265</u>
Statutory			
Valuation Adjustments			
Provision for Doubtful Accounts	-	67	23
Provision for Vacation Pay	200	498	440
	<u>200</u>	<u>565</u>	<u>463</u>
	<u>451,080</u>	<u>490,552</u>	<u>525,728</u>
Loss on Disposal of Tangible Capital Assets	-	-	52
Net Operating Results	<u>\$ (390,604)</u>	<u>\$ (396,924)</u>	<u>\$ (334,165)</u>

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

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING
STATEMENT OF FINANCIAL POSITION

As at March 31, 2007

(in thousands)

	<u>2007</u>	<u>2006</u> (Restated - Note 3)
ASSETS		
Cash	\$ 2,491	\$ 175
Accounts Receivable (Note 4)	169,897	172,413
Loans and Advances	16	13
Tangible Capital Assets (Note 6)	3,535	4,468
Deferred Charge	219	127
	<u>\$ 176,158</u>	<u>\$ 177,196</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 250,816	\$ 250,489
Deferred Revenue	57,680	-
	<u>308,496</u>	<u>250,489</u>
NET ASSETS		
Net Liabilities at Beginning of Year	\$ (73,293)	\$ (43,033)
Net Operating Results	(396,924)	(334,165)
Net Transfer from General Revenues	337,879	303,905
Net Liabilities at End of Year	<u>(132,338)</u>	<u>(73,293)</u>
	<u>\$ 176,158</u>	<u>\$ 177,196</u>

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING
STATEMENT OF CASH FLOWS
Year ended March 31, 2007
(in thousands)

	<u>2007</u>	<u>2006</u>
	Actual	Actual
		(Restated - Note 3)
Operating Transactions		
Net Operating Results	\$ (396,924)	\$ (334,165)
Non-cash items included in Net Operating Results:		
Amortization	1,788	1,980
Deferred Charge	(92)	(45)
Valuation Adjustments	565	463
	<u>(394,663)</u>	<u>(331,767)</u>
Changes in Working Capital		
Decrease (Increase) in Accounts Receivable	2,449	(105,063)
Decrease in Advances	(3)	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(171)	133,771
Increase in Deferred Revenue	57,680	-
	<u>(334,708)</u>	<u>(303,059)</u>
Cash Applied to Operating Transactions		
Capital Transactions		
Acquisition of Tangible Capital Assets	(855)	(728)
Loss on Disposal of Tangible Capital Assets	-	52
	<u>(855)</u>	<u>(676)</u>
Cash applied to Capital Transactions		
Financing Transactions		
Net Transfer from General Revenues	337,879	303,905
	<u>337,879</u>	<u>303,905</u>
Increase in Cash	2,316	170
Cash, Beginning of Year	175	5
Cash, End of Year	<u>\$ 2,491</u>	<u>\$ 175</u>

NOTE 1 AUTHORITY AND PURPOSE

The Department of Municipal Affairs and Housing operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The Department works in partnership with Alberta's municipalities, other provincial government departments, our federal partners, local authorities, various organizations focused on local issues, and the private sector to ensure Albertans live in safe and sustainable communities and are served by open, effective, accountable and well-managed local governments.

This is done by:

- Assisting municipalities in providing accountable and effective local government to Albertans.
- Administering a safety system that strives to ensure appropriate safety standards for the construction and maintenance of buildings and equipment.
- Delivering programs to assist lower-income Albertans in meeting their housing needs.
- Enhancing Albertans' quality of life by promoting programs pertaining to libraries, communities, and the non-profit/voluntary sector.
- Co-ordinating a comprehensive, cross-government all-hazards approach to managing emergencies in the province.
- Conducting hearings, renders decisions and/or provides recommendations to Cabinet on matters defined under the *Municipal Government Act* through the independent, quasi-judicial Municipal Government Board.
- Managing 2.8 million acres of public land in the Special Areas and provides municipal services to the dryland region in eastern Alberta through the Special Areas Board.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND REPORTING PRACTICES**

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Reporting Entity

The reporting entity is the Department of Municipal Affairs and Housing which is part of the Ministry of Municipal Affairs and Housing for which the Minister of Municipal Affairs and Housing is accountable. The other entities reporting to the Minister are the Alberta Social Housing Corporation and the Safety Codes Council, the activities of which are not included in these financial statements. The Department is also responsible for the Improvement Districts' Trust Account and Special Areas Trust Account, the activities of which are not included in these financial statements except by way of disclosure in Note 9 to these financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Department's operations for which the Minister is accountable.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND REPORTING PRACTICES (continued)**

All departments of the Government of Alberta operate within the General Revenue Fund (the 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 departments are paid from the Fund. Net transfer (to) from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

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.

Transfers from Government of Canada are recognized as revenues when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

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 budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual dedicated revenues exceed budget, the Department 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 Department's dedicated revenue initiatives.

Expenses

Directly Incurred

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND REPORTING PRACTICES (continued)**

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

- amortization of tangible capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- 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, guarantees and indemnities.
- grants which are recognized when authorized and eligibility criteria for the grant are met.

Incurred by Others

Services contributed by other entities in support of the Department operations are disclosed in Schedule 8.

Assets

Financial assets of the Department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

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

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.

Liabilities

Liabilities are recorded to the extent that they represent obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in a sacrifice of economic benefits in the future.

Net Assets

Net assets represents the difference between the carrying value of assets held by the Department and its liabilities.

Measurement Uncertainty
(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Estimates relating to the determination of the Government of Canada accounts receivable (\$169,840), and the Underground Petroleum Storage Tank and Disaster Recovery accrued liabilities (\$83,475), as disclosed in these statements are subject to measurement uncertainty.

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING
 NOTES TO THE FINANCIAL STATEMENTS
 Year ended March 31, 2007

NOTE 3 PROGRAM TRANSFERS AND PRIOR PERIOD RESTATEMENT

(in thousands)

As a result of restructuring of government ministries announced on December 13, 2006, there were transfers of responsibility to the Department from other government departments. The responsibility for Housing Services was transferred from the Department of Seniors and Community Supports. The responsibility for Community and Library Services was transferred from the Department of Tourism, Parks, Recreation and Culture. Comparatives for 2006 have been restated as if the Department had always been assigned its current responsibilities.

Net liabilities on March 31, 2005 is made up as follows:

Net liabilities as previously reported	\$ (9,949)
Net liabilities transferred from Seniors and Community Supports	(33,101)
Net Assets transferred from Tourism, Parks, Recreation and Culture	17
Net liabilities at March 31, 2005	<u>\$ (43,033)</u>

NOTE 4 ACCOUNTS RECEIVABLE

(in thousands)

	<u>2007</u>			<u>2006</u>
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Government of Canada	\$ 170,130	\$ 290	\$ 169,840	\$ 172,371
Other	159	102	57	42
	<u>\$ 170,289</u>	<u>\$ 392</u>	<u>\$ 169,897</u>	<u>\$ 172,413</u>

Accounts receivable are unsecured and non-interest bearing.

NOTE 5 VALUATION OF FINANCIAL ASSETS AND LIABILITIES

(in thousands)

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 (other than Disaster Recovery accounts receivable), advances, accounts payable, accrued liabilities, and holdbacks are estimated to approximate their carrying values because of the short term nature of these instruments.

Disaster Recovery accounts receivable (\$123,797), as included in the Government of Canada accounts receivable, is a long term financial instrument and non-interest bearing. As a result, the Department believes the fair value of this financial instrument to be less than its carrying value. However, due to the uncertainty as to the eventual collection or repayment date of this financial instrument, the Department is unable to estimate the fair value.

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING
 NOTES TO THE FINANCIAL STATEMENTS
 Year ended March 31, 2007

NOTE 6 TANGIBLE CAPITAL ASSETS

(in thousands)

The cost of assets and the related accumulated amortization for the Department are summarized below.

		2007 Historical Cost						
	Estimated Useful Life	Beginning of Year	Additions	Disposals, including write-downs	End of Year			
Equipment	10 years	\$ 1,233	\$ 88	\$ -	\$ 1,321			
Computer hardware and software	5 years	13,027	767	-	13,794			
		\$ 14,260	\$ 855	\$ -	\$ 15,115			
2006 Total (Restated - Note 3)		\$ 13,591	\$ 728	\$ (59)	\$ 14,260			

		2007 Accumulated Amortization					
	Beginning of Year	Amortization Expense	Effect of Disposals	End of Year	NBV at March 31, 2007	NBV at March 31, 2006	
Equipment	\$ 673	\$ 121	\$ -	\$ 794	\$ 527	\$ 560	
Computer hardware and software	9,119	1,667	-	10,786	3,008	3,908	
	\$ 9,792	\$ 1,788	\$ -	\$ 11,580	\$ 3,535	\$ 4,468	
2006 Total (Restated-Note 3)	\$ 7,819	\$ 1,980	\$ (7)	\$ 9,792			

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING
 NOTES TO THE FINANCIAL STATEMENTS
 Year ended March 31, 2007

NOTE 7 CONTRACTUAL OBLIGATIONS

(in thousands)

As at March 31, 2007, the Department had the following contractual obligations:

	<u>2007</u>	<u>2006</u>
		(Restated - Note 3)
Operating Expense		
Service Contracts	\$ 3,127	\$ 3,329
Agreements	278,286	256,252
Long-term Leases	4	4
	<u>\$ 281,417</u>	<u>\$ 259,585</u>

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

	Service Contracts	Agreements	Long-term Leases	Total
2007-08	\$ 3,054	\$ 29,486	\$ 3	\$ 32,543
2008-09	35	15,773	-	15,808
2009-10	38	15,744	1	15,783
2010-11	-	15,742	-	15,742
2011-12	-	15,741	-	15,741
Thereafter	-	185,800	-	185,800
	<u>\$ 3,127</u>	<u>\$ 278,286</u>	<u>\$ 4</u>	<u>\$ 281,417</u>

NOTE 8 CONTINGENT LIABILITIES

(\$ in thousands)

At March 31, 2007, the Department is a defendant in fifty-five legal claims (2006 - fifty-seven claims). Forty-nine of these claims have specified amounts totalling \$90,248 and the remaining six have not specified any amount (2006 - fifty-one claims with a specified amount of \$70,024 and six with no specified amount). Included in the total legal claims are seven claims in which the Department has been jointly named with other entities, five of which have specified claims amounting to \$6,386 (2006 - six claims amounting to \$6,548 and two claims with no specified amount). Four claims amounting to \$3,386 (2006 - fifty-four claims amounting to \$70,024 and three claims reporting no specified amount) are covered by the Alberta Risk Management Fund.

Of the fifty-five legal claims mentioned above, forty-three claims totalling \$62,865 and three claims reporting no specified amounts are commenced by individuals as a result of alleged damages then incurred through the use of untreated pine shakes as roofing material. A number of sample cases went to trial. The Court of Queen's Bench of Alberta dismissed the plaintiffs' case because it did not disclose a valid cause of action. The plaintiffs appealed to the Court of Appeal and their appeal was dismissed. The plaintiffs currently have filed an application with the Supreme Court of Canada seeking leave to appeal to that court.

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

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING
 NOTES TO THE FINANCIAL STATEMENTS
 Year ended March 31, 2007

NOTE 9 TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

The Department 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 purpose of various trusts, they are not included in the Department's financial statements.

The financial statements of the following trust funds are prepared on a calendar year basis and the net assets as disclosed in the audited financial statements of the trust funds for December 31, 2006 and December 31, 2005 are as follows:

	<u>2006</u>	<u>2005</u>
Special Areas Trust Account	\$ 80,003	\$ 74,859
Improvement Districts' Trust Account	3,373	3,135
	<u>\$ 83,376</u>	<u>\$ 77,994</u>

As at March 31, 2007, the following trust fund under administration had a balance as follows:

	<u>2007</u>	<u>2006</u>
Gunn Centre resident trust fund	\$ 10	\$ 10

NOTE 10 PAYMENTS UNDER AGREEMENT

(in thousands)

The Department has entered into agreements to deliver programs and services that are fully funded by:

- The National Search and Rescue Secretariat to deliver search and rescue projects under the Federal Government's New Search and Rescue Initiatives Fund.
- Indian and Northern Affairs Canada to deliver the Alberta First Nations Emergency Planning Program.
- The Federal Office of Critical Infrastructure Protection and Emergency Preparedness Program which is designed to provide financial assistance, on a cost-shared basis with municipalities, to fund projects that will develop or enhance a regional emergency response capability.

Costs incurred under these agreements are made by the Department under authority of the *Financial Administration Act*, Section 25. Accounts receivable includes \$848 (2006 - \$464) and accounts payable includes \$492 (2006 - \$338) relating to payments under agreement.

Amounts paid and payable under agreement are as follows:

	<u>2007</u>	<u>2006</u>
New Search and Rescue Initiatives Fund	\$ 220	\$ 229
First Nations Emergency Planning Program	633	423
Joint Emergency Preparedness Program	1,139	371
	<u>\$ 1,992</u>	<u>\$ 1,023</u>

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2007

NOTE 11 DEFINED BENEFIT PLANS

(in thousands)

The Department participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense of these pension plans is equivalent to the annual contributions of \$3,212 for the year ended March 31, 2007 (2006 - \$2,750).

At December 31, 2006, the Management Employees Pension Plan reported a deficiency of \$6,765 (2005 - \$165,895) and the Public Service Pension Plan reported a surplus of \$153,024 (2005 - deficiency of \$187,704). At December 31, 2006, the Supplementary Retirement Plan for Public Service Managers had a surplus of \$3,698 (2005 - \$10,018).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2007, the Bargaining Unit Plan reported an actuarial surplus of \$153 (2006 - actuarial deficiency of \$8,699) and the Management, Opted Out and Excluded Plan an actuarial surplus of \$10,148 (2006 - \$8,309). The expense for these two plans is limited to the employer's annual contributions for the year.

NOTE 12 COMPARATIVE FIGURES

Certain 2006 figures have been reclassified to conform to the 2007 presentation.

NOTE 13 APPROVAL OF FINANCIAL STATEMENTS

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

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING
SCHEDULE TO THE FINANCIAL STATEMENTS

Schedule 1

Revenues
Year ended March 31, 2007
(in thousands)

	2007		2006
	Budget	Actual	Actual
			(Restated - Note 3)
Internal Government Transfers			
Transfer from the Lottery Fund	\$ 26,000	\$ 26,000	\$ 24,000
Transfers from the Government of Canada			
Recoveries from Canada Mortgage and Housing Corporation	32,200	33,572	32,886
Affordable Housing Program	-	15,173	-
Off-Reserve Aboriginal Housing Program	-	16,142	-
Recoveries from Indian and Northern Affairs Canada	100	144	83
Disaster Assistance Programs	-	(319)	131,544
Other	-	6	22
	<u>32,300</u>	<u>64,718</u>	<u>164,535</u>
Fees, Permits and Licences	<u>395</u>	<u>459</u>	<u>400</u>
Other Revenue			
Dedicated Revenue Initiatives	1,626	1,626	1,627
Refunds of Expenditure	155	585	893
Rental Revenue	-	119	100
Miscellaneous	-	121	60
	<u>1,781</u>	<u>2,451</u>	<u>2,680</u>
	<u>\$ 60,476</u>	<u>\$ 93,628</u>	<u>\$ 191,615</u>

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING
 SCHEDULE TO THE FINANCIAL STATEMENTS
 DEDICATED REVENUE INITIATIVES
 Year ended March 31, 2007
 (in thousands)

Schedule 2

	2007		
Authorized Dedicated Revenue	Actual Dedicated Revenue	Excess	
Linear Assessment Services	\$ 1,626	\$ 1,626	\$ -

The Department prepares linear property and major plant assessments for various municipalities on a cost recovery basis. The dedicated revenues are reported as part of other revenues on the Department's statement of operations.

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING
 SCHEDULE TO THE FINANCIAL STATEMENTS
 EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT
 Year ended March 31, 2007
 (in thousands)

Schedule 3

	2007		2006
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u> (Restated - Note 3)
<u>Voted:</u>			
Salaries, Wages and Employee Benefits	\$ 41,632	\$ 40,992	\$ 38,453
Supplies and Services	22,189	23,523	41,472
Grants	384,623	423,624	443,304
Financial Transactions and Other	52	60	56
Amortization of Tangible Capital Assets	<u>2,384</u>	<u>1,788</u>	<u>1,980</u>
Total Voted Expenses	<u>\$ 450,880</u>	<u>\$ 489,987</u>	<u>\$ 525,265</u>

Statutory:

Valuation Adjustments

Provision for Doubtful Accounts	-	67	23
Provision for Vacation Pay	200	498	440
	<u>\$ 200</u>	<u>\$ 565</u>	<u>\$ 463</u>

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING

BUDGET

Schedule 4

Year ended March 31, 2007

(in thousands)

	2006-2007				
	Estimates	Adjustments	Budget	Supplementary (a)	Authorized Budget
Revenues					
Contributions from Lottery Fund	\$ 26,000	\$ -	\$ 26,000	\$ -	\$ 26,000
Transfers from Government of Canada	32,300	-	32,300	-	32,300
Premiums, Fees and Licences	395	-	395	-	395
Investment Income	-	-	-	-	-
Other Revenue	1,781	-	1,781	-	1,781
	<u>60,476</u>	<u>-</u>	<u>60,476</u>	<u>-</u>	<u>60,476</u>
Expenses - Directly Incurred					
Voted Expenses					
Ministry Support Services	10,626	-	10,626	-	10,626
Local Government Services	113,770	-	113,770	-	113,770
Public Safety	14,670	-	14,670	20,356	35,026
Municipal Government Board	3,059	-	3,059	-	3,059
Community and Library Services	24,733	-	24,733	-	24,733
Housing Services	284,022	-	284,022	42,846	326,868
	<u>450,880</u>	<u>-</u>	<u>450,880</u>	<u>63,202</u>	<u>514,082</u>
Statutory Expenses					
Valuation Adjustments					
Provision for Doubtful Accounts	-	-	-	-	-
Provision for Vacation Pay	200	-	200	-	200
	<u>200</u>	<u>-</u>	<u>200</u>	<u>-</u>	<u>200</u>
	<u>451,080</u>	<u>-</u>	<u>451,080</u>	<u>63,202</u>	<u>514,282</u>
(Gain) Loss on Disposal of Tangible Capital Assets	-	-	-	-	-
Net Operating Results	<u>\$ (390,604)</u>	<u>\$ -</u>	<u>\$ (390,604)</u>	<u>\$ (63,202)</u>	<u>\$ (453,806)</u>
Equipment/Inventory Purchases (EIP)	<u>\$ 1,190</u>	<u>\$ -</u>	<u>\$ 1,190</u>	<u>\$ -</u>	<u>\$ 1,190</u>

(a) Supplementary Estimates were approved on September 8, 2006 and March 23, 2007. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act* (for net budgeted initiatives).

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING
SCHEDULE TO THE FINANCIAL STATEMENTS
COMPARISON OF EXPENSES - DIRECTLY INCURRED, EQUIPMENT AND STATUTORY EXPENSES
BY ELEMENT TO AUTHORIZED BUDGET
For the year ended March 31, 2007
(in thousands)

Schedule 5

	2006-2007						
	Estimates	Adjustments (a)	Budget	Authorized Supplementary (b)	Authorized Budget	Actual Expense (c)	Unexpended (Over Expended)
Voted Expenses and EIP							
1 Ministry Support Services							
1.0.1 Minister's Office	\$ 408	\$ -	\$ 408	\$ -	\$ 408	\$ 450	\$ (42)
1.0.2 Deputy Minister's Office	586	-	586	-	586	886	(300)
1.0.3 Support Services							
- Expense	9,632	-	9,632	-	9,632	10,210	(578)
- EIP	100	-	100	-	100	102	(2)
Total Program 1	10,726	-	10,726	-	10,726	11,648	(922)
2 Local Government Services							
2.1 Division Support							
2.1.1 Division Support							
- Expense	8,209	-	8,209	-	8,209	5,661	2,548
- EIP	1,090	-	1,090	-	1,090	455	635
2.2 Municipal Services							
2.2.1 Municipal Services	8,959	-	8,959	-	8,959	7,072	1,887
2.3 Assessment Services							
2.3.1 Assessment Services	7,421	-	7,421	-	7,421	8,625	(1,204)
2.4 Financial Assistance Programs							
2.4.1 Unconditional Municipal Grants							
- Expense	3,655	-	3,655	-	3,655	2,283	1,372
- Expense Funded by Lotteries	14,000	-	14,000	-	14,000	14,000	-
2.4.2 Municipal Debenture Interest Rebates	2,200	-	2,200	-	2,200	2,130	70
2.4.3 Grants in Place of Taxes	36,657	-	36,657	-	36,657	31,135	5,522
2.4.4 Financial Support to Local Authorities	18,969	-	18,969	-	18,969	13,535	5,434
2.4.5 Municipal Sponsorship							
- Expense	1,700	-	1,700	-	1,700	1,491	209
- Expense Funded by Lotteries	12,000	-	12,000	-	12,000	12,000	-
Total Program 2	114,860	-	114,860	-	114,860	98,387	16,473
3 Public Safety							
3.1 Division Support							
3.1.1 Division Support	1,515	-	1,515	-	1,515	1,097	418
3.2 Safety Services and Fire Protection							
3.2.1 Program Management	330	-	330	-	330	291	39
3.2.2 Technical Services	1,784	-	1,784	-	1,784	1,892	(108)
3.2.3 Regional Services	3,123	-	3,123	-	3,123	3,334	(211)
3.2.4 Fire Commissioner	1,504	-	1,504	-	1,504	1,806	(302)
3.2.5 Underground Petroleum Storage Tanks	-	-	-	-	-	4	(4)
3.2.6 Tank Site Remediation Program	-	-	-	13,430	13,430	6,686	6,744
3.3 Emergency Management Alberta							
3.3.1 Branch Management and Programs							
- Expense	4,814	-	4,814	-	4,814	5,200	(386)
- EIP	-	-	-	-	-	17	(17)
3.3.2 Disaster Recovery	600	-	600	6,926	7,526	4,717	2,809
3.4 Assistance for Municipal Emergency Response Training							
3.4.1 Assistance for Municipal Emergency Response Training	1,000	-	1,000	-	1,000	811	189
Total Program 3	14,670	-	14,670	20,356	35,026	25,855	9,171

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING
SCHEDULE TO THE FINANCIAL STATEMENTS
COMPARISON OF EXPENSES - DIRECTLY INCURRED, EQUIPMENT AND STATUTORY EXPENSES
BY ELEMENT TO AUTHORIZED BUDGET
For the year ended March 31, 2007
(in thousands)

Schedule 5
Continued

	2006-2007						Unexpended (Over Expended)
	Estimates	Adjustments (a)	Budget	Authorized Supplementary (b)	Authorized Budget	Actual Expense (c)	
4 Municipal Government Board							
4.0.1 Municipal Government Board							
- Expense	3,059	-	3,059	-	3,059	3,518	(459)
- EIP	-	-	-	-	-	281	(281)
Total Program 4	3,059	-	3,059	-	3,059	3,799	(740)
5 Community and Library Services							
5.0.1 Community and Voluntary Sector Services	3,953	-	3,953	-	3,953	3,861	92
5.0.2 Library Services	605	-	605	-	605	550	55
5.0.3 Library Grants	20,175	-	20,175	-	20,175	19,974	201
Total Program 5	24,733	-	24,733	-	24,733	24,385	348
6 Housing Services							
6.1 Management and Operations							
6.1.1 Program Support	2,838	-	2,838	-	2,838	2,713	125
6.1.2 Housing Development Program Delivery	3,716	-	3,716	-	3,716	3,299	417
6.1.3 Housing Operating Program Delivery	3,001	-	3,001	-	3,001	3,054	(53)
6.2 Housing Operating Grants							
6.2.1 Rent Supplement	17,017	-	17,017	2,000	19,017	18,716	301
6.3 Housing Development Capital Grants							
6.3.1 Canada/Alberta Affordable Housing Agreement	44,000	-	44,000	-	44,000	44,000	-
6.3.2 Affordable Housing Partnership Initiative	-	-	-	-	-	-	-
6.3.3 Affordable Housing Program	-	-	-	15,173	15,173	15,173	-
6.3.4 Off-Reserve Aboriginal Housing Program	-	-	-	16,142	16,142	16,142	-
6.4 Other Housing Services Grants							
6.4.1 Special Needs Housing	4,730	-	4,730	-	4,730	4,915	(185)
6.4.2 Other Grants	4,624	-	4,624	-	4,624	4,635	(11)
6.4.3 Homeless Support	26,109	-	26,109	9,531	35,640	42,691	(7,051)
6.4.4 Assistance to the Alberta Social Housing Corporation							
- Debt Repayment	143,636	-	143,636	-	143,636	137,078	6,558
6.4.5 Assistance to the Alberta Social Housing Corporation							
- Housing Providers	34,351	-	34,351	-	34,351	34,351	-
Total Program 6	284,022	-	284,022	42,846	326,868	326,768	100
Grand Total	\$ 452,070	\$ -	\$ 452,070	\$ 63,202	\$ 515,272	\$ 490,842	\$ 24,430
Operating Expense	\$ 424,880	\$ -	\$ 424,880	\$ 63,202	\$ 488,082	\$ 463,987	\$ 24,095
Operating Expense Funded by Lotteries	26,000	-	26,000	-	26,000	26,000	-
Equipment/Inventory Purchases	1,190	-	1,190	-	1,190	855	335
	\$ 452,070	\$ -	\$ 452,070	\$ 63,202	\$ 515,272	\$ 490,842	\$ 24,430
Statutory Expenses							
Valuation Adjustments	\$ 200	\$ -	\$ 200	\$ -	\$ 200	\$ 565	\$ (365)

(a) Adjustments include transfers from other departments, pursuant to the *Appropriation Act*, 2006, section 5(1)(a).

(b) Supplementary Estimates were approved on September 8, 2006 and March 23, 2007. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act* (for net budgeted initiatives).

(c) Includes achievement bonus of \$1,140.

DEPARTMENT OF MUNICIPAL AFFAIRS
SALARY AND BENEFITS DISCLOSURE
Year Ended March 31, 2007

	2007			2006	
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non-Cash Benefits ⁽³⁾	Total	Total
Senior Official					
Deputy Minister ^{(4) (5)}	\$ 198,077	\$ 107,643	\$ 35,614	\$ 341,334	\$ 262,185
Executives					
<u>Assistant Deputy Ministers:</u>					
Local Government Services	157,044	26,600	36,229	219,873	206,931
Public Safety	138,426	19,600	32,826	190,852	186,417
Housing Services	140,350	24,500	32,420	197,270	183,423
Corporate Strategic Services ⁽⁶⁾	152,508	19,900	35,445	207,853	-
<u>Executive Directors:</u>					
Human Resources	128,568	18,200	30,277	177,045	150,041
Business Services ⁽⁷⁾	-	-	-	-	132,999
Financial and Information Technology Services ⁽⁸⁾	-	-	-	-	218,858

Notes:

Prepared in accordance with Treasury Board Directive 12/98 as amended

- (1) Base salary includes pensionable base pay.
- (2) Other cash benefits include bonuses, vacation payments and lump sum payments.
- (3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension and supplementary retirement plan, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums, professional memberships and tuition fees.
- (4) Automobile provided, no dollar amount included in benefits and allowances figures.
- (5) This position was occupied by two individuals in 2007. The first incumbent held the role from the beginning of the fiscal year to December 1, 2006 and subsequent to restructuring the second incumbent held the role from December 15, 2006 through the end of the fiscal year. Other cash benefits includes accrued vacation paid to the outgoing Deputy Minister.
- (6) This is a new Assistant Deputy Minister Position in 2007; as a result, there is no comparative figure for the fiscal year 2006.
- (7) This position should no longer be included in the Salary and Benefits Disclosure as it no longer meets the requirements of Treasury Board Directive 12/98 as amended.
- (8) This position no longer exists within the Ministry.

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING
 SCHEDULE TO THE FINANCIAL STATEMENTS
 RELATED PARTY TRANSACTIONS

Schedule 7

Year ended March 31, 2007

(in thousands)

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

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, licenses 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 Department had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2007	2006 (Restated - Note 3)	2007	2006 (Restated - Note 3)
Revenues				
Lottery Fund	\$ -	\$ -	\$ 26,000	\$ 24,000
Expenses - Directly Incurred				
Business and Technology Services	\$ -	\$ -	\$ 995	\$ 2,008
Grants	171,429	63,452	-	-
Insurance	-	-	80	70
	<u>\$ 171,429</u>	<u>\$ 63,452</u>	<u>\$ 1,075</u>	<u>\$ 2,078</u>
Payable To:				
Safety Codes Council	\$ -	\$ 3,582	\$ -	\$ -
Alberta Social Housing Corporation	1,135	7,150	-	-
Department of Tourism, Parks, Recreation and Culture	-	-	333	-
Department of Service Alberta	-	-	41	-
	<u>\$ 1,135</u>	<u>\$ 10,732</u>	<u>\$ 374</u>	<u>\$ -</u>

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING
 SCHEDULE TO THE FINANCIAL STATEMENTS
 RELATED PARTY TRANSACTIONS
 Year ended March 31, 2007
 (in thousands)

Schedule 7
 continued

The Department 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 expense amounts are not recorded in the financial statements but are disclosed in Schedule 8.

	Entities in the Ministry		Other Entities	
	<u>2007</u>	<u>2006</u> (Restated - Note 3)	<u>2007</u>	<u>2006</u> (Restated - Note 3)
Revenue				
Services Provided	<u>\$ 1,448</u>	<u>\$ 1,484</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses - Incurred by Others (Schedule 8)				
Accommodation	\$ -	\$ -	\$ 6,540	\$ 6,446
Air Transportation/Executive Vehicles	-	-	110	67
Internal Audit	-	-	70	-
Business Services	-	-	1,442	1,453
Legal	-	-	681	752
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,843</u>	<u>\$ 8,718</u>

The Department paid \$30,748 (2006 - \$30,711) of grants in place of taxes on behalf of other ministries.

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING
 SCHEDULE TO THE FINANCIAL STATEMENTS
 ALLOCATED COSTS
 Year ended March 31, 2007
 (in thousands)

Schedule 8

Program	2007							2006
	Expenses (1)	Expenses - Incurred by Others			Valuation Adjustments (5)			Expenses (Restated - Note 3)
		Accommo- dation Costs (2)	Business Services (3)	Legal/ Internal Audit Services (4)	Vacation Pay	Doubtful Accounts	Expenses	
Ministry Support Services	\$ 11,546	\$ 1,453	\$ 1,552	\$ 169	\$ 94	\$ -	\$ 14,814	\$ 11,381
Local Government Services	97,932	1,443	-	278	139	-	99,792	104,235
Public Safety	25,838	1,453	-	175	102	67	27,635	183,512
Municipal Government Board Community and Library Services	3,518	387	-	129	22	-	4,056	3,830
Support to Housing Providers and Special Purpose Housing	24,385	107	-	-	87	-	24,579	44,563
	<u>326,768</u>	<u>1,697</u>	<u>-</u>	<u>-</u>	<u>54</u>	<u>-</u>	<u>328,519</u>	<u>185,402</u>
	<u>\$ 489,987</u>	<u>\$ 6,540</u>	<u>\$ 1,552</u>	<u>\$ 751</u>	<u>\$ 498</u>	<u>\$ 67</u>	<u>\$ 499,395</u>	<u>\$ 532,923</u>

- (1) Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments
- (2) Cost shown for Accommodation on Schedule 7, allocated by square footage.
- (3) Business Services includes financial and administrative services and air transportation and executive vehicle services, allocated by estimated costs incurred in each program.
- (4) Cost shown for Legal and Internal Audit Services on Schedule 7, allocated by estimated costs incurred by each program.
- (5) 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.

ALBERTA SOCIAL HOUSING CORPORATION



To the Minister of Municipal Affairs and Housing

I have audited the statement of financial position of the Alberta Social Housing Corporation (the Corporation) as at March 31, 2007 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2007 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 18, 2007

ALBERTA SOCIAL HOUSING CORPORATION

Statement of Operations

Year ended March 31, 2007
(thousands of dollars)

	2007		2006
	Budget (Schedule 3)	Actual	Actual (Restated - Note 3)
Revenues (Schedule 1)			
Transfers from Department of Municipal Affairs and Housing	\$ 177,987	\$ 171,429	\$ 63,452
Transfers from Government of Canada	61,584	60,288	58,935
Investment income	1,575	4,337	2,290
Other revenue	2,152	782	933
	<u>243,298</u>	<u>236,836</u>	<u>125,610</u>
Expenses - Directly incurred (Note 2b, Schedules 2 and 5)			
Support to Housing Providers			
Community housing	36,438	34,385	37,976
Other housing	625	182	210
Other asset administration	665	274	474
Amortization and insurance	25,298	24,732	24,812
Grants in kind	19,224	19,200	18,914
Debt servicing costs	65,779	59,220	38,983
	<u>148,029</u>	<u>137,993</u>	<u>121,369</u>
Valuation adjustments			
Provision for (recovery of) losses on:			
Guarantees, indemnities and mortgages	85	(73)	(34)
Doubtful accounts	-	-	1
	<u>85</u>	<u>(73)</u>	<u>(33)</u>
	<u>148,114</u>	<u>137,920</u>	<u>121,336</u>
Gain on disposal of tangible capital assets	<u>36,473</u>	<u>18,181</u>	<u>25,469</u>
Net operating results	<u>\$ 131,657</u>	<u>\$ 117,097</u>	<u>\$ 29,743</u>

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

ALBERTA SOCIAL HOUSING CORPORATION

Statement of Financial Position

As at March 31, 2007
(thousands of dollars)

	2007	2006 (Restated - Note 3)
Assets		
Cash (Note 4)	\$ 116,766	\$ 79,966
Accounts receivable (Note 5)	18,989	6,257
Due from Department of Municipal Affairs and Housing	1,135	7,150
Loans and advances (Note 6)	12,574	20,166
Deferred financing charges	1,017	1,210
Tangible capital assets (Note 7)	694,672	720,764
	<u>\$ 845,153</u>	<u>\$ 835,513</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 15,964	\$ 17,369
Accrued interest payable	2,430	8,803
Due to Department of Seniors and Community Supports	11,788	10,546
Allowance for losses on guarantees and indemnities (Note 8)	24	93
Long-term debt (Note 9)	321,455	422,307
	<u>351,661</u>	<u>459,118</u>
Equity		
At beginning of year	376,395	346,652
Net operating results	117,097	29,743
	<u>493,492</u>	<u>376,395</u>
	<u>\$ 845,153</u>	<u>\$ 835,513</u>

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

ALBERTA SOCIAL HOUSING CORPORATION

Statement of Cash Flows

Year ended March 31, 2007
(thousands of dollars)

	2007	2006 (Restated - Note 3)
Operating transactions		
Net operating results	\$ 117,097	\$ 29,743
Non-cash items included in net operating results		
Amortization of tangible capital assets	23,187	23,302
Amortization of deferred financing charges	193	205
Grants in kind	19,200	18,914
Valuation adjustments	(73)	(33)
Gain on disposal of tangible capital assets	(18,181)	(25,469)
	<u>141,423</u>	<u>46,662</u>
Increase in accounts receivable before valuation adjustments		
	(12,732)	(1,108)
Decrease (increase) in due from Municipal Affairs and Housing		
	6,015	(7,150)
Decrease in accrued interest payable		
	(6,373)	(642)
(Decrease) increase in accounts payable and accrued liabilities before valuation adjustments		
	(1,405)	5,909
Increase in due to Department of Seniors and Community Supports		
	<u>1,242</u>	<u>8,448</u>
Cash provided by operating transactions	<u>128,170</u>	<u>52,119</u>
Capital transactions		
Acquisition of tangible capital assets	(102)	(423)
Disposal of tangible capital assets	2,303	16,962
Contributions in kind	(315)	(239)
Cash provided by capital transactions	<u>1,886</u>	<u>16,300</u>
Investing transactions		
Repayment of loans and advances	7,596	10,112
Additions to loans and advances	-	(56)
Cash provided by investing transactions	<u>7,596</u>	<u>10,056</u>
Financing transactions		
Repayment of advance from Alberta Finance	-	(33,875)
Repayment of long term debt	(100,852)	(26,170)
Cash applied to financing transactions	<u>(100,852)</u>	<u>(60,045)</u>
Net increase in cash	36,800	18,430
Cash, beginning of year	<u>79,966</u>	<u>61,536</u>
Cash, end of year	<u>\$ 116,766</u>	<u>\$ 79,966</u>

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

ALBERTA SOCIAL HOUSING CORPORATION

Notes to the Financial Statements

Year ended March 31, 2007
(thousands of dollars)

NOTE 1 AUTHORITY AND PURPOSE

The Alberta Social Housing Corporation operates under the authority of the *Alberta Housing Act*, Chapter A-25, Revised Statutes of Alberta 2000. The Act is jointly administered by the Department of Municipal Affairs and Housing and the Department of Seniors and Community Supports.

The Corporation's primary purpose is to facilitate the provision of affordable housing options, through community housing providers, to low-income families and individuals, those with special needs and administer seniors housing for the Department of Seniors and Community Supports. The Corporation owns and administers the Crown's portfolio of housing assets and manages provincial debts and agreements associated with those assets. This includes administering the sale of provincially owned properties no longer efficient or effective for social housing programs.

The Corporation also oversees the provincial commitments and entitlements remaining from discontinued business activities such as mortgages and loan guarantees, and directly operates and acts as the landlord for a small portion of units classified as "rural housing".

The Corporation is a crown agent of the Government of Alberta and as such has a tax exempt status.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Reporting Entity

The reporting entity is the Alberta Social Housing Corporation, which is part of the Ministry of Municipal Affairs and Housing for which the Minister of Municipal Affairs and Housing is accountable. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

ALBERTA SOCIAL HOUSING CORPORATION

Notes to the Financial Statements

Year ended March 31, 2007
(thousands of dollars)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (CONTINUED)

(b) Basis of Financial Reporting

Revenues

All revenues are recorded on the accrual basis of accounting with the exception of interest on Rural and Native mortgages that are classified as non-accrual. Rural and Native mortgages are classified as non-accrual when payments are sixty days in arrears. Interest on non-accrual mortgages is recorded on a cash basis.

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.

Expenses

Directly incurred

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

Grants are recognized when authorized and eligibility criteria are met.

In addition to program operating expenses such as supplies, directly incurred expenses also include:

- amortization of tangible capital assets.
- debt servicing costs.
- 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 guarantees and indemnities.

ALBERTA SOCIAL HOUSING CORPORATION
Notes to the Financial Statements

Year ended March 31, 2007
(thousands of dollars)

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES
(CONTINUED)**

(b) Basis of Financial Reporting (continued)

Expenses (continued)

Incurred by others

Services contributed by other entities in support of the Corporation's operations are disclosed in Schedule 5.

Assets

Cash and accounts receivable

Financial assets of the Corporation are limited to cash, and financial claims such as advances to and receivables from other organizations and individuals.

Loans and advances

Loan and advances include mortgages that are reported at cost less provisions for losses, and agreements receivable. Cost of mortgages includes amounts advanced, accrued interest, and other charges, less repayments and subsidies.

Deferred financing charges

Deferred financing charges on debt financing are amortized over the life of the debt on a straight-line basis.

Tangible capital assets

Assets acquired by right are not included. Tangible capital assets of the Corporation are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing tangible capital assets is \$5. All land and work-in-progress are capitalized at cost and not amortized.

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

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

ALBERTA SOCIAL HOUSING CORPORATION

Notes to the Financial Statements

Year ended March 31, 2007
(thousands of dollars)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (CONTINUED)

(b) Basis of Financial Reporting (continued)

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Equity

Equity represents the difference between the carrying value of assets held by the Corporation and its liabilities.

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, accounts receivable, due from Municipal Affairs and Housing, accounts payable and accrued liabilities, accrued interest payable, and due to Department of Seniors and Community Supports are estimated to approximate their carrying values because of the short term nature of these instruments. Fair values of loans and advances are not reported due to there being no organized financial market for the instruments and it is not practicable within constraints of timelines or cost to estimate the fair value with sufficient reliability.

Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Estimates relating to the determination of the management body accounts receivable of \$14,857 (2006 - \$4,680) as disclosed in these statements is subject to measurement uncertainty.

ALBERTA SOCIAL HOUSING CORPORATION

Notes to the Financial Statements

Year ended March 31, 2007
(thousands of dollars)

NOTE 3 GOVERNMENT RESTRUCTURING

As a result of government restructuring announced on December 13, 2006 (OC637/2006) the responsibility for seniors housing was transferred to the Department of Seniors and Community Support and the responsibility for community housing remained in the Corporation.

Comparatives for 2006 have been restated as if the Corporation had always been assigned it's current responsibilities.

Equity as previously reported at March 31, 2005	\$	371,674
Transfer from Department of Seniors and Community Supports - community housing		(4,273)
Transfer to Department of Seniors and Community Supports - seniors housing		(20,749)
	<u>\$</u>	<u>346,652</u>
Net operating results reported March 31, 2006	\$	30,184
Transfer from Department of Seniors and Community Supports - community housing revenue		46
Transfer to Department of Seniors and Community Supports - seniors housing revenue		(487)
	<u>\$</u>	<u>29,743</u>

NOTE 4 CASH

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. CCITF is managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2007, securities held in the CCITF have an average effective market yield of 4.36% per annum (2006: 3.96% per annum).

ALBERTA SOCIAL HOUSING CORPORATION
Notes to the Financial Statements

Year ended March 31, 2007
(thousands of dollars)

NOTE 5 ACCOUNTS RECEIVABLE

	2007			2006
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Management organizations	\$ 14,857	\$ -	\$ 14,857	\$ 4,680
Accounts receivable	4,178	(46)	4,132	1,577
	<u>\$ 19,035</u>	<u>\$ (46)</u>	<u>\$ 18,989</u>	<u>\$ 6,257</u>

Accounts receivable are unsecured and non-interest bearing.

NOTE 6 LOANS AND ADVANCES

	2007			2006
	Accrual	Non-Accrual	Allowance for Losses	Net Realizable Value
Rural and Native ^(a)	\$ 7,163	\$ 569	\$ (4)	\$ 7,728
Agreements receivable ^(b)	4,736	-	-	4,736
Other receivables	110	-	-	110
	<u>\$ 12,009</u>	<u>\$ 569</u>	<u>\$ (4)</u>	<u>\$ 12,574</u>
				<u>\$ 20,166</u>

^(a) These mortgages are provided under the Rural and Native Housing program with payments based on an amortization period of 25 years and five-year interest renewal terms.

^(b) Agreements receivable represent amounts receivable for land sales.

ALBERTA SOCIAL HOUSING CORPORATION
Notes to the Financial Statements

Year ended March 31, 2007
(thousands of dollars)

NOTE 7 TANGIBLE CAPITAL ASSETS

	2007			2006
	Land	Buildings	Total	Total
Estimated useful life	Indefinite	10-50 years ^(a)		
Historical Cost				
Beginning of year	\$ 120,066	\$ 1,105,118	\$ 1,225,184	\$ 1,236,868
Additions	417	-	417	662
Disposals, including write-downs	(1,192)	(4,066)	(5,258)	(12,346)
	<u>119,291</u>	<u>1,101,052</u>	<u>1,220,343</u>	<u>1,225,184</u>
Accumulated Amortization				
Beginning of year	-	504,420	504,420	483,057
Amortization expense		23,187	23,187	23,302
Effect of disposals	-	(1,936)	(1,936)	(1,939)
	<u>-</u>	<u>525,671</u>	<u>525,671</u>	<u>504,420</u>
Net book value at March 31, 2007	<u>\$ 119,291</u>	<u>\$ 575,381</u>	<u>\$ 694,672</u>	
Net book value at March 31, 2006	<u>\$ 120,066</u>	<u>\$ 600,698</u>		<u>\$ 720,764</u>

^(a) Seniors and special needs buildings are amortized over 50 years, community housing buildings over 40 to 50 years, and all other buildings over 10 to 25 years.

ALBERTA SOCIAL HOUSING CORPORATION

Notes to the Financial Statements

Year ended March 31, 2007
(thousands of dollars)

NOTE 8 GUARANTEES AND INDEMNITIES

The Corporation has outstanding guarantees that were issued on the sale of certain of its mortgages whereby the Corporation will reimburse mortgagees for any losses that may occur on default by mortgagors. Any claims for losses by the mortgagees will be reduced by the amounts realized from the sale of the underlying properties.

Guaranteed amounts, the last of which was guaranteed on March 30, 1994, are as follows:

	<u>2007</u>	<u>2006</u>
Mortgages, on multi-unit rental properties and land, guaranteed to:		
2009	65	125
2011	<u>17,520</u>	<u>26,779</u>
	<u>17,585</u>	<u>26,904</u>

Under the former mobile home loan insurance program, the Corporation has agreed to indemnify losses on mobile home loans issued by financial institutions. The outstanding loans as at March 31, 2007 amount to \$772 (2006 - \$1,203). This program was terminated effective October 1, 1993. However, the Corporation has an ongoing commitment on the insurance policies remaining in force.

An allowance for losses has been made on these guarantees and indemnities in the amount of \$24 (2006 - \$93).

ALBERTA SOCIAL HOUSING CORPORATION

Notes to the Financial Statements

Year ended March 31, 2007
(thousands of dollars)

NOTE 9 LONG-TERM DEBT

The Corporation's long-term debt and exposure to interest rate risk is summarized as follows:

	<u>2007</u>	<u>2006</u>
Debentures payable:		
Canada Mortgage and Housing Corporation ^(a)	\$ 77,263	\$ 78,512
Alberta Heritage Savings Trust Fund ^(b)	-	80,927
Note payable to Alberta Finance ^(c)	<u>244,192</u>	<u>262,868</u>
	<u>\$ 321,455</u>	<u>\$ 422,307</u>

^(a) maturing January 2023 to January 2030 with a weighted average effective rate of 9.63%.

^(b) repaid to Alberta Heritage Savings Trust Fund during the year.

^(c) maturing September 16, 2016 with an effective rate of 5.93%.

The Province of Alberta guarantees the repayment of principal and interest on all borrowings.

The debentures, including interest thereon, are repayable in equal annual or semi-annual instalments and the note payable is repayable in equal semi-annual instalments.

Approximate aggregate repayments of principal in each of the next five years are:

2008	\$ 21,166
2009	22,486
2010	23,890
2011	25,384
2012	26,973
thereafter	<u>201,556</u>
	<u>\$ 321,455</u>

ALBERTA SOCIAL HOUSING CORPORATION

Notes to the Financial Statements

Year ended March 31, 2007
(thousands of dollars)

NOTE 9 LONG-TERM DEBT (CONTINUED)

Long-term debt has a fair value of \$117,760 (2006 - \$119,794) for Canada Mortgage and Housing Corporation debentures and \$262,507 (2006 - \$283,657) for Note payable to Alberta Finance. Fair values for debt are based on the Province of Alberta's current borrowing rates, which are available to the Corporation for debt with similar terms and maturities.

NOTE 10 PROGRAM RECOVERIES

Cost-sharing agreements provide for a contribution by Canada Mortgage and Housing Corporation (CMHC) towards subsidies of rental properties and mortgages receivable and for certain capital costs, administration expenses and net operating results, of approved community housing projects that are recorded by the Corporation. Contributions are also provided by CMHC to the Corporation for net operating results of approved seniors housing projects that are recorded by the Department of Seniors and Community Supports.

NOTE 11 SALARY AND BENEFITS

The Corporation has no salary or benefits to disclose under Treasury Board Directive 12/98 as amended because:

- (a) The Corporation has no employees. Staff of the Department of Municipal Affairs and Housing administer the Corporation. Disclosure of information on their salaries and benefits is included in the financial statements of the Department of Municipal Affairs and Housing.
- (b) The Corporation did not pay honoraria to its Board members.

ALBERTA SOCIAL HOUSING CORPORATION
Notes to the Financial Statements

Year ended March 31, 2007
(thousands of dollars)

NOTE 12 CONTRACTUAL OBLIGATIONS

The Corporation leases land under various leases for the purpose of providing social housing. The aggregate amounts payable for the unexpired terms of these leases are:

	<u>2007</u>	<u>2006</u>
2007	\$ -	\$ 1,347
2008	1,347	1,347
2009	1,347	1,347
2010	1,347	1,347
2011	1,347	1,347
2012	1,347	1,347
Thereafter	<u>35,947</u>	<u>35,947</u>
	<u>\$ 42,682</u>	<u>\$ 44,029</u>

NOTE 13 CONTINGENCIES

At March 31, 2007 the Corporation is a defendant in six legal claims (2006 - six legal claims). All of these claims have specified amounts totaling \$1,450 (2006 - five claims with a specified amount of \$1,250). Included in the total legal claims are four legal claims amounting to \$775 (2006 - two legal claims amounting to \$475) in which the Corporation has been jointly named with other entities. Four claims amounting to \$820 (2006 - two claims amounting to \$520) are covered by the Alberta Risk Management fund.

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

ALBERTA SOCIAL HOUSING CORPORATION

Notes to the Financial Statements

Year ended March 31, 2007
(thousands of dollars)

NOTE 14 HOUSING PROPERTIES

The Ministry of Municipal Affairs and Housing supports the provision of community housing through management organizations. Grants are provided to management organizations that have expenses in excess of revenues, and recoveries are made from management organizations that have revenues in excess of expenses. Management organizations do not record expenses for insurance, amortization and interest on long-term debt on buildings. These costs are incurred and recorded by the Corporation.

The Corporation administers seniors housing assets (net book value of \$483,346) on behalf of the Department of Seniors and Community Supports. Long-term debt associated with these assets is \$194,506. Costs incurred by the Corporation for the Department of Seniors and Community Supports are debt servicing (\$38,553), amortization and insurance (\$16,080) and grants in kind (\$2,674).

The day to day administration of the seniors housing program is carried out by the Department of Municipal Affairs and Housing. The net operations of the seniors housing program are reported in the Department of Seniors and Community Supports financial statements.

Information on revenues and expenses of community housing management organizations is disclosed so as to provide the reader with an understanding of the scope of the housing services being provided.

	2007	2006
Revenues	\$ 38,721	\$ 31,763
Expenses	<u>(59,654)</u>	<u>(55,640)</u>
Net operating results	<u>\$ (20,933)</u>	<u>\$ (23,877)</u>

The above results are recorded on the Statement of Operations for the year as follows:

	2007	2006
Recoveries from management organizations	\$ -	\$ 46
Grants to management organizations	<u>(20,933)</u>	<u>(23,923)</u>
Net results	<u>(20,933)</u>	<u>(23,877)</u>

ALBERTA SOCIAL HOUSING CORPORATION
Notes to the Financial Statements

Year ended March 31, 2007
(thousands of dollars)

NOTE 15 SUBSEQUENT EVENTS

Subsequent to the year-end the Corporation disposed of Parcel F (302 acres) in Ft. McMurray.

NOTE 16 COMPARATIVE FIGURES

Certain 2006 figures have been reclassified to conform to 2007 presentation.

NOTE 17 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved by the Senior Financial Officer of the Department of Municipal Affairs and Housing and the President of Alberta Social Housing Corporation.

ALBERTA SOCIAL HOUSING CORPORATION

Revenues

Year ended March 31, 2007
(thousands of dollars)

SCHEDULE 1

	2007		2006
	Budget	Actual	Actual (Restated - Note 3)
Internal Government Transfers			
Transfers from Department of Municipal Affairs and Housing			
Debt repayment	\$ 143,636	\$ 137,078	\$ 26,170
Housing providers	34,351	34,351	37,282
	177,987	171,429	63,452
Transfers from the Government of Canada			
Recoveries from Canada Mortgage and Housing Corporation (Note 10)	61,584	60,288	58,935
Investment income			
Bank and other	1,400	4,270	2,138
Mortgages	175	67	152
	1,575	4,337	2,290
Other revenue			
Miscellaneous	2,152	215	117
Recoveries from management organizations	-	-	46
Contributions in kind	-	315	239
Rental properties	-	207	201
Refunds of expenses	-	45	330
	2,152	782	933
	\$ 243,298	\$ 236,836	\$ 125,610

ALBERTA SOCIAL HOUSING CORPORATION
 Expenses – Directly Incurred Detailed by Object

Year ended March 31, 2007
 (thousands of dollars)

SCHEDULE 2

	2007		2006
	Budget	Actual	Actual (Restated - Note 3)
Expenses			
Debt servicing costs	\$ 65,779	\$ 59,220	\$ 38,983
Amortization of tangible capital assets	23,818	23,187	23,302
Grants	56,212	53,918	57,232
Supplies and services	<u>2,220</u>	<u>1,668</u>	<u>1,852</u>
	<u>\$ 148,029</u>	<u>\$ 137,993</u>	<u>\$ 121,369</u>
Valuation adjustments			
Provision for (recovery of) losses on:			
Guarantees, indemnities and mortgages	\$ 85	\$ (73)	\$ (34)
Doubtful accounts	-	-	1
	<u>\$ 85</u>	<u>\$ (73)</u>	<u>\$ (33)</u>

ALBERTA SOCIAL HOUSING CORPORATION

Budget

Year ended March 31, 2007
(thousands of dollars)

SCHEDULE 3

	2006-2007		Authorized Budget
	Estimates	Adjustments	
Revenues			
Transfers from the Government of Canada	\$ 61,584	\$ -	\$ 61,584
Transfers from Department of Municipal Affairs and Housing	177,987	-	177,987
Investment income	1,575	-	1,575
Other revenue	2,152	-	2,152
	<u>243,298</u>	<u>-</u>	<u>243,298</u>
Expenses			
Support to Housing Providers			
Community housing providers	36,438	-	36,438
Other housing providers	625	-	625
Other asset administration	665	-	665
Amortization/Insurance	25,298	-	25,298
Grants in kind	19,224	-	19,224
Debt servicing costs	65,779	-	65,779
	<u>148,029</u>	<u>-</u>	<u>148,029</u>
Valuation adjustments			
Provision for (recovery of) losses on:			
Tangible capital assets	-	-	-
Guarantees, indemnities, and mortgages	85	-	85
Doubtful accounts	-	-	-
	<u>85</u>	<u>-</u>	<u>85</u>
Total expenses	<u>148,114</u>	<u>-</u>	<u>148,114</u>
Gain on disposal of tangible capital assets	36,473	-	36,473
Net operating results	<u>\$ 131,657</u>	<u>\$ -</u>	<u>\$ 131,657</u>
Capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ALBERTA SOCIAL HOUSING CORPORATION

Related Party Transactions

Year ended March 31, 2007
(thousands of dollars)

SCHEDULE 4

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 Corporation.

The Corporation paid or collected certain taxes and fees set by regulation for permits, licenses 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 Corporation had the following transactions with related parties recorded on the Statement of Operations and Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2007	2006	2007	2006
Revenues				
Transfers from the Department of Municipal Affairs and Housing	\$ 171,429	\$ 63,452	\$ -	\$ -
Expenses - directly incurred				
Other services	\$ -	\$ -	\$ 783	\$ 682
Debt servicing costs	-	-	51,689	31,342
	\$ -	\$ -	\$ 52,472	\$ 32,024
Deferred financing charges				
Alberta Finance	\$ -	\$ -	\$ 1,017	\$ 1,210
Accounts payable to Alberta Finance ⁽¹⁾	\$ -	\$ -	\$ 244,787	\$ 263,508
Alberta Heritage Savings Trust Fund ⁽¹⁾	\$ -	\$ -	\$ -	\$ 87,225
Department of Seniors and Community Supports	\$ -	\$ -	\$ 11,788	\$ 10,546
Accounts receivable				
Risk Management and Insurance	\$ -	\$ -	\$ 1,787	\$ 885
Department of Municipal Affairs and Housing	\$ 1,135	\$ 7,150	\$ -	\$ 438

⁽¹⁾ Debt and accrued interest on debt.

ALBERTA SOCIAL HOUSING CORPORATION

Related Party Transactions

Year ended March 31, 2007
(thousands of dollars)

SCHEDULE 4 (CONTINUED)

The Corporation 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 financial statements and are disclosed in Schedule 5.

	Entities in the Ministry		Other Entities	
	2007	2006	2007	2006
Expenses - incurred by others				
Salaries and wages	\$ 1,213	\$ 1,239	\$ -	\$ -
Supplies and services	235	245	-	-
Accommodation	-	-	65	57
Legal services	-	-	18	5
Other services	-	-	-	-
	<u>\$ 1,448</u>	<u>\$ 1,484</u>	<u>\$ 83</u>	<u>\$ 62</u>

ALBERTA SOCIAL HOUSING CORPORATION
Allocated Costs

Year ended March 31, 2007
(thousands of dollars)

SCHEDULE 5

Program	2007						2006			
	Program Expenses ⁽¹⁾	Debt Servicing Costs ⁽¹⁾	Directly Incurred Amortization /Insurance costs	Grants in Kind	Other Services	Expenses - Incurred by Others ⁽²⁾	Valuation Adjustments	Total Expenses	Total Expenses	
Community housing	34,385	59,172	24,671	10,085	1,274	57	16	-	129,660	114,082
Other housing	182	48	61	51	6	-	-	-	348	413
Other asset administration	274	-	-	9,064	168	8	2	(73)	9,443	8,400
	\$ 34,841	\$ 59,220	\$ 24,732	\$ 19,200	\$ 1,448	\$ 65	\$ 18	\$ (73)	\$ 139,451	\$ 122,895

⁽¹⁾ Expenses - directly incurred as per Statement of Operations excluding valuation adjustments.

⁽²⁾ Costs shown for Expenses - Incurred by Others are as disclosed in Schedule 4.

SAFETY CODES COUNCIL



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AUDITORS' REPORT

To the Members of Safety Codes Council

We have audited the statement of financial position of Safety Codes Council as at December 31, 2006 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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.

Operating fees received from Municipalities and Agencies are collected on behalf of the Council, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of operating fees revenue received from Municipalities and Agencies was limited to the amounts recorded in the records of the Council and we were not able to determine whether any adjustments might be necessary to operating fees revenue, excess of revenues over expenses, accounts receivable and unrestricted net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of operating fees from Municipalities and Agencies referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 2006 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
KPMG

Chartered Accountants

Edmonton, Canada
March 2, 2007

SAFETY CODES COUNCIL

Statement of Financial Position

December 31, 2006, with comparative figures for 2005

	2006	2005
Assets		
Current assets:		
Cash	\$ 111,222	\$ 62,063
Accounts receivable	413,803	565,057
Prepaid expenses and deposits	41,991	42,629
	<u>567,016</u>	<u>669,749</u>
Underground Petroleum Tank Remediation Program (note 5):		
Restricted cash	1,777,958	1,519,609
Accounts receivable	75	22
Contributions receivable	1,912,849	4,292,633
Advances to municipalities	50,000	50,000
Prepaid expenses and deposits	3,750	4,303
	<u>3,744,632</u>	<u>5,866,567</u>
	4,311,648	6,536,316
Investments (note 2)	5,055,931	3,369,411
Capital assets (note 3)	251,202	134,808
	<u>\$ 9,618,781</u>	<u>\$ 10,040,535</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 260,729	\$ 124,653
Deferred contributions (note 4)	106,458	92,578
	<u>367,187</u>	<u>217,231</u>
Underground Petroleum Tank Remediation Program (note 5):		
Accounts payable	222,379	-
Deferred contributions	3,522,253	5,866,567
	<u>3,744,632</u>	<u>5,866,567</u>
	4,111,819	6,083,798
Net assets (note 6):		
Unrestricted	2,255,760	1,821,929
Internally restricted	3,000,000	2,000,000
Invested in capital assets	251,202	134,808
	<u>5,506,962</u>	<u>3,956,737</u>
Commitments (note 7)		
	<u>\$ 9,618,781</u>	<u>\$ 10,040,535</u>

See accompanying notes to financial statements.

On behalf of the Council:

_____ Member _____ Member
 _____ Member

SAFETY CODES COUNCIL

Statement of Operations and Changes in Net Assets

Year ended December 31, 2006, with comparative figures for 2005

	2006	2005
Revenues:		
Operating fees:		
Municipalities and agencies	\$ 3,761,210	\$ 2,819,898
Corporations	367,375	283,902
Designation of powers	19,650	15,325
Certification	13,066	69,265
Accreditation	1,900	4,200
Appeals	8,500	4,600
Investment income	187,480	162,471
Course and exam fees	330,026	335,731
Contributions from Alberta Municipal Affairs and Housing	63,316	10,913
Other	30,683	39,443
	4,783,206	3,745,748
Expenditures:		
Salaries and benefits	1,855,665	1,480,779
Electronic Business Solutions	278,840	243,394
Office and general	146,669	130,562
Office rental	110,617	89,083
Travel	109,661	115,007
Annual conference	100,231	35,907
Course and seminar costs	98,334	89,699
Publications	68,976	74,593
Amortization of capital assets	61,420	45,926
Loss on disposal of capital assets	55,468	18,180
Code update training	51,512	43,784
Meetings	48,750	32,769
Consulting fees	40,738	13,217
Professional fees	33,510	19,540
Insurance	33,390	32,632
Special training programs	32,955	80,962
EPS Private Sewage Enhancements Project	29,330	3,600
Bank and investment service charges	20,658	21,607
Appeals	15,540	48,685
New course version	12,610	59,419
Honorariums	6,610	8,495
Course revisions	5,915	11,188
Competency analysis	5,682	10,000
Electronic conversion	5,300	23,075
Test bank validations	2,164	2,532
Corporate memberships	1,480	1,277
New course development	956	2,445
Safety Codes Council System	-	683
	3,232,981	2,739,040
Excess of revenues over expenditures before the undernoted	1,550,225	1,006,708
Underground Petroleum Tank Site Remediation Program (note 5):		
Total expenditures	2,399,534	3,592,940
Revenues:		
Recoveries	(55,220)	(26,816)
Alberta Municipal Affairs and Housing	(2,344,314)	(3,566,124)
	-	-
Excess of revenues over expenditures	1,550,225	1,006,708
Net assets, beginning of year, (note 6)	3,956,737	2,950,029
Net assets, end of year, (note 6)	\$ 5,506,962	\$ 3,956,737

See accompanying notes to financial statements.

SAFETY CODES COUNCIL

Statement of Cash Flows

Year ended December 31, 2006, with comparative figures for 2005

	2006	2005
Cash provided by (used in):		
Operations:		
Excess of revenues over expenditures	\$ 1,550,225	\$ 1,006,708
Items not involving cash:		
Amortization of capital assets	61,420	45,926
Loss on disposal of capital assets	55,468	18,180
Changes in non-cash operating working capital:		
Accounts receivable	151,254	(348,875)
Prepaid expenses and deposits	638	(6,307)
Accounts payable and accrued liabilities	136,076	16,963
Deferred contributions	13,880	(75,595)
Changes in non-cash operating working capital relating to the Underground Petroleum Tank Site Remediation Program:		
Change in restricted cash relating to tank program	(258,349)	(508,561)
Increase in accounts receivable	(53)	(35)
Decrease in contributions receivable	2,379,784	4,100,362
Decrease in advances to municipalities	-	50,000
Decrease in prepaid expenses and deposits	553	6,530
Increase (decrease) in accounts payable	222,379	(82,224)
Decrease in deferred contributions	(2,344,314)	(3,566,124)
	1,968,961	656,948
Investing and financing activities:		
Increase in investments	(1,686,520)	(597,758)
Proceeds from sale of capital assets	-	203
Purchase of capital assets	(233,282)	(49,247)
	(1,919,802)	(646,802)
Increase in cash	49,159	10,146
Cash, beginning of year	62,063	51,917
Cash, end of year	\$ 111,222	\$ 62,063
Supplemental cash flow information:		
Bank and investment service charges paid	\$ 20,658	\$ 21,607

See accompanying notes to financial statements.

SAFETY CODES COUNCIL

Notes to Financial Statements

Year ended December 31, 2006

The Safety Codes Council (the "Council") is a corporation established under the Safety Codes Act of the Province of Alberta (Revised Statutes of Alberta 2000, Chapter S-1). The industry-based council is comprised of a Council chair, a coordinating committee and technical councils in the following areas: amusement rides, boilers and pressure vessels, buildings, electrical, elevators, fire, gas, plumbing, barrier free and passenger ropeways.

The Council is responsible for reviewing, formulating and managing significant components of the administration of Alberta's safety system. The Council's mandate is to:

- develop and recommend safety codes and standards;
- promote uniform safety standards and practices;
- develop and administer a program to certify and designate Safety Codes Officers;
- develop and administer a program to accredit safety system partners;
- administer appeals for certification, accreditation and orders issued under the Safety Codes Act;
- establish and operate safety information and training programs;
- develop and administer a province wide electronic permitting system for use by accredited entities administering the Safety Codes Act; and
- engage in any other activities as directed by the Minister responsible for the Safety Codes Act.

1. Significant accounting policies:

(a) Revenue recognition:

The Council follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Operating fees from corporations and contributions relating to future years are reflected as deferred contributions.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2006

1. Significant accounting policies (continued):

(b) Investments:

Federal and provincial government bonds, corporate bonds and short-term notes and deposits are carried at amortized cost, or at amortized cost less amounts written-off to reflect a decline in value, if any, which is other than temporary. Interest is recognized on an effective yield basis. Corporate cumulative and non-cumulative preferred shares are carried at cost less amounts written off to reflect a decline in value, if any, which is other than temporary.

The Council does not use derivative financial instruments to alter the effects of market or interest fluctuations affecting these investments. The Council limits its exposure to credit risk by investing in short-term notes and bonds of financially sound counter-parties with a weighted average credit quality rating of AA or higher.

(c) Capital assets:

Capital assets are recorded at cost. Amortization is calculated using the following methods and annual rates:

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%
Equipment	Declining balance	20%
Computer hardware	Declining balance	30%
Computer software	Declining balance	30%
Leasehold improvements	Straight line	Over lease term

(d) Contributed services:

Alberta Municipal Affairs and Housing currently provides certain services to the Council including a monitoring service of accredited entities as part of the Municipal Support Program, at no cost. As a result of the difficulty in determining the fair value of these services, contributed services are not recognized in the financial statements.

Contributed supplies and services that would otherwise have been purchased are recorded as contributions and expenses. Such transactions are measured at the fair value at the date of contribution, when a fair value can be reasonably determined.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2006

1. Significant accounting policies (continued):

(e) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

2. Investments:

	2006		2005	
	Carrying value	Market value	Carrying value	Market value
Cash	\$ 79,173	\$ 79,173	\$ 74,123	\$ 74,123
Accrued interest	101,601	101,601	60,119	60,119
Federal and provincial government bonds, with effective interest rates from 3.34% to 6.01% (2005 – 2.9% to 6.9%) and maturity dates up to 2016	3,958,609	4,029,530	2,861,732	2,901,784
Corporate bonds, with an effective interest rate of 3.64% to 5.7%(2005 – 5.7%) with maturity dates up to 2010	542,590	545,906	99,477	103,948
Corporate cumulative and non-cumulative preferred shares, paying dividends at rates of 4.5% to 5.5% (2005 – 4.8% to 5.5%)	373,958	384,100	273,960	286,070
	\$ 5,055,931	\$ 5,140,310	\$ 3,369,411	\$ 3,426,044

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2006

3. Capital assets:

			2006			2005
	Cost	Accumulated amortization	Net book value	Net book value		
Furniture and fixtures	\$ 104,360	\$ 52,473	\$ 51,887	\$ 48,763		
Equipment	22,235	3,982	18,253	6,592		
Computer hardware	168,096	44,165	123,931	46,940		
Computer software	31,163	8,729	22,434	23,381		
Leasehold improvements	48,196	13,499	34,697	9,132		
	\$ 374,050	\$ 122,848	\$ 251,202	\$ 134,808		

4. Deferred contributions:

Deferred contributions represent unspent resources externally restricted for certification, designation of powers, courses and training, Electronic Permitting System and operating fees from corporations received in the current year that relate to future years. Changes in the deferred contributions balance are as follows:

2006	Education and training	Electronic Permitting System - PSDS Enhancements	Certification Revenue	Safety Codes Council System	Other	Total
Balance, beginning of year	\$ 8,258	\$ 84,320	\$ -	\$ -	\$ -	\$ 92,578
Amount received during the year	42,660	-	50,510	-	-	93,170
Amount recognized as revenue in the year	(8,258)	(57,966)	(13,066)	-	-	(79,290)
Balance, end of year	\$ 42,660	\$ 26,354	\$ 37,444	\$ -	\$ -	\$ 106,458

2005	Education and training	Electronic Permitting System - PSDS Enhancements	Certification Revenue	Safety Codes Council System	Other	Total
Balance, beginning of year	\$ 72,940	\$ 87,920	\$ 6,630	\$ 683	\$ -	\$ 168,173
Amount received during the year	8,258	-	-	-	-	8,258
Amount recognized as revenue in the year	(72,940)	(3,600)	(6,630)	(683)	-	(83,853)
Balance, end of year	\$ 8,258	\$ 84,320	\$ -	\$ -	\$ -	\$ 92,578

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2006

5. Underground Petroleum Tank Site Remediation Program:

The Underground Petroleum Tank Site Remediation Program (the "Program") was established by the Alberta government to provide financial assistance by way of grants to land owners, or persons responsible, for the clean up of contamination of lands related to underground fuel storage.

Effective April 1, 2002, pursuant to a Transfer Agreement between the Council and Alberta Municipal Affairs ("AMA"), the Council agreed to undertake the ongoing administration and completion of the Program. Under the Transfer Agreement, the Council has the authority to administer and complete the Program of the Minister of Municipal Affairs. For any grants committed to by AMA prior to the transfer of administration of the Program to the Council, the Council is responsible to review and approve the amounts to be paid; however, the actual payment is the responsibility of AMA.

	Year ended December 31, 2006	Year ended December 31, 2005	Total expenditures since project inception	Total project budget
Expenditures:				
Grants:				
Environmental site assessments	\$ 10,000	\$ -	\$ 989,507	\$ -
Remediation	985,975	1,676,586	9,937,784	-
Retroactive claims	761,237	1,393,643	10,068,708	-
	1,757,212	3,070,229	20,995,999	24,359,000
Operational costs	642,322	522,711	3,343,731	3,363,000
Total expenditures	2,399,534	3,592,940	\$ 24,339,730	\$ 27,722,000
Recoveries:				
Investment income	(55,220)	(26,816)		
Net expenditures for the year	2,344,314	3,566,124		
Deferred contributions from Alberta Municipal Affairs, beginning of year	5,866,567	9,432,691		
Deferred contributions from Alberta Municipal Affairs, end of year	\$ 3,522,253	\$ 5,866,567		

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2006

5. Underground Petroleum Tank Site Remediation Program (continued):

In the prior year, the Council approved certain grants for payment that were committed under the program by Alberta Municipal Affairs prior to April 1, 2002. These amounts have not been included in the financial statements.

Effective April 1, 2007, the responsibility of the ongoing administration and completion of the program is expected to be transferred back to Alberta Municipal Affairs and Housing.

6. Net assets:

	Unrestricted	Internally restricted	Investment in capital assets	2006 Total	2005 Total
Balance, beginning of year	\$ 1,821,929	\$ 2,000,000	\$ 134,808	\$ 3,956,737	\$ 2,950,029
Excess (deficiency) of revenues over expenditures	1,667,113	-	(116,888)	1,550,225	1,006,708
Investment in capital assets, net	(233,282)	-	233,282	-	-
Transfer	(1,000,000)	1,000,000	-	-	-
Balance, end of year	\$ 2,255,760	\$ 3,000,000	\$ 251,202	\$ 5,506,962	\$ 3,956,737

The Council maintains internally restricted net assets in the amount of \$3,000,000 to minimize the impact of short-term fluctuations in operating fee revenues on its ability to meet its mandate. This amount is not available for other purposes without the approval of the Coordinating Committee.

7. Commitments:

The Council is committed to an operating lease for its premises. The remaining minimum lease payments for the lease are as follows:

2007	\$ 46,239
2008	15,720
	\$ 61,959

The Council is also responsible for operating costs.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2006

8. Fair value of financial assets and liabilities:

Market value of the investments is fair value, represented by the year-end quoted market bid price.

The fair values of the short-term notes and deposits within investments do not differ significantly from their carrying values due to the short-term nature of the investments.

All other financial assets and liabilities are recorded at amounts which approximate their fair values.

9. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial presentation adopted in the current year.

**Improvement Districts' Trust Account
Summary Statement of Revenue and Expenditures
For the year ended December 31, 2006**

	Improvement Districts					<u>Total</u>	
	<u>4</u>	<u>9</u>	<u>12</u>	<u>13</u>	<u>24</u>		<u>Kananaskis</u> ^(a)
Revenues	\$ 109,903	\$ 1,424,328	\$ 75,622	\$ 228,350	\$ 17,368	\$ 1,427,076	\$ 3,282,647
Expenditures	90,042	1,077,178	45,180	207,244	12,103	1,427,860	2,859,607
Excess of revenues over expenditures	<u>\$ 19,861</u>	<u>\$ 347,150</u>	<u>\$ 30,442</u>	<u>\$ 21,106</u>	<u>\$ 5,265</u>	<u>\$ (784)</u>	<u>\$ 423,040</u>

Improvement District:

- 4 Waterton National Park
- 9 Banff National Park
- 12 Jasper National Park
- 13 Elk Island National Park
- 24 Wood Buffalo National Park

^(a) Ministerial Order No. L:159/01 delegated, effective October 1, 2001, the administration of the Kananaskis Improvement District to the Minister of Community Development.

Improvement Districts' Trust Account
Detailed Statement of Revenue and Expenditures
For the year ended December 31, 2006

	Improvement Districts					Total
	<u>4</u>	<u>9</u>	<u>12</u>	<u>13</u>	<u>24</u>	
REVENUES						
General Municipal:						
Taxation						
Real property	\$ 354,838	\$ 2,690,418	\$ 43,022	\$ 4,404	\$ 10,829	\$ 1,048,096
Federal grants in place of taxes	88,636	588,389	52,025	32,108	9,242	9,384
Provincial grants in place of taxes	-	-	-	-	-	114,480
Power and pipeline	5,637	78,694	106,425	11,219	5,154	405,799
Oil well drilling taxes	-	-	-	-	-	10,857
Penalties and costs	11,064	7,356	6,493	-	163	3,537
	<u>460,175</u>	<u>3,364,857</u>	<u>207,965</u>	<u>47,731</u>	<u>25,388</u>	<u>1,592,153</u>
Less payment of requisitions to:						
Alberta School Foundation Fund	360,162	2,120,932	136,766	23,854	12,413	740,172
Seniors Foundation	-	41,778	11,204	-	-	12,782
	<u>360,162</u>	<u>2,162,710</u>	<u>147,970</u>	<u>23,854</u>	<u>12,413</u>	<u>752,954</u>
	100,013	1,202,147	59,995	23,877	12,975	839,199
	-	-	-	200,000	-	21,741
General municipal taxes	5,938	49,307	9,911	4,218	4,393	38,193
Government transfers	3,952	172,874	5,716	255	-	527,943
Interest						
Other	\$ 109,903	\$ 1,424,328	\$ 75,622	\$ 228,350	\$ 17,368	\$ 1,427,076
	\$ 22,113	\$ 155,608	\$ 7,400	\$ 1,300	\$ 700	\$ 166,939
General Municipal:						
Administrative services	-	-	-	-	-	103,444
Transportation services	-	815,928	25,319	-	-	754,799
Protective services	6,029	25,256	7,892	5,944	11,403	-
Assessment Fees	-	-	-	200,000	-	-
Grants	60,000	55,884	-	-	-	115,884
Recreation and cultural services	-	12,292	-	-	-	232,592
Utilities	1,275	4,527	-	-	-	-
Honorarium	-	-	-	-	-	22,193
Agriculture, planning and other community services	625	7,683	4,569	-	-	147,893
Other expenditures	\$ 90,042	\$ 1,077,178	\$ 45,180	\$ 207,244	\$ 12,103	\$ 1,427,860
	\$ 19,861	\$ 347,150	\$ 30,442	\$ 21,106	\$ 5,265	\$ (784)
Excess of revenue over expenditure						\$ 2,859,607
						\$ 423,040

SPECIAL AREAS TRUST ACCOUNT



Auditor's Report

To the Minister of Municipal Affairs and Housing

I have audited the statement of financial position of the Special Areas Trust Account as at December 31, 2006 and the statements of revenue, expenditure and accumulated excess of revenue over expenditure, reserves, equity in physical assets and cash flows for the year then ended. These financial statements are the responsibility of the Special Areas Trust Account's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Special Areas Trust Account as at December 31, 2006 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
March 9, 2007

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2006

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Financial Assets		
Current:		
Cash (Note 3)	\$ 26,089,722	\$ 23,130,448
Accounts receivable, net (Note 4)	3,543,160	2,532,342
Taxes receivable, net	381,988	2,039,112
Due from Province of Alberta, net (Note 5)	-	129,086
	<u>30,014,870</u>	<u>27,830,988</u>
Non-current:		
Accounts receivable, net (Note 4)	3,414,967	3,032,456
Investments (Schedule 1)	26,502,718	26,350,208
Total Financial Assets	<u>59,932,555</u>	<u>57,213,652</u>
Physical Assets (Note 6)		
Capital assets	22,549,004	20,411,988
Inventories	3,038,186	2,317,588
Total Physical Assets	<u>25,587,190</u>	<u>22,729,576</u>
	<u>\$ 85,519,745</u>	<u>\$ 79,943,228</u>
<u>LIABILITIES AND TRUST EQUITY</u>		
Current:		
Accounts payable and accruals	\$ 2,698,045	\$ 2,058,071
Due to Province of Alberta, net (Note 5)	690,664	-
Deferred lease revenue	620,119	526,761
Deferred provincial grant revenue (Note 7)	81,983	1,064,136
	<u>4,090,811</u>	<u>3,648,968</u>
Non-current:		
Provision for disability benefits	26,359	135,136
Provision for gravel pit reclamation (Note 8)	1,400,000	1,300,000
Total Liabilities	<u>5,517,170</u>	<u>5,084,104</u>
Equity:		
Accumulated excess of revenue over expenditure	4,920,033	1,338,028
Reserves	49,495,352	50,791,520
In physical assets	25,587,190	22,729,576
Total Equity	<u>80,002,575</u>	<u>74,859,124</u>
	<u>\$ 85,519,745</u>	<u>\$ 79,943,228</u>

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

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF REVENUE, EXPENDITURE AND ACCUMULATED EXCESS
OF REVENUE OVER EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u> (Note 18)	<u>ACTUAL</u>	<u>ACTUAL</u>
Revenue			
General municipal:			
Taxation			
Power and pipeline	\$ 21,510,000	\$ 22,110,155	\$ 20,646,834
Real property	5,732,350	5,968,943	5,502,319
Grazing and cultivation	871,000	786,570	836,066
Penalties and costs on taxes	75,000	287,183	236,871
	<u>28,188,350</u>	<u>29,152,851</u>	<u>27,222,090</u>
Less amounts expended by transfers:			
Alberta School Foundation Fund	14,650,000	13,606,004	13,752,943
Seniors Foundation requisitions	995,000	1,082,980	878,129
	<u>15,645,000</u>	<u>14,688,984</u>	<u>14,631,072</u>
Net taxes for municipal purposes	12,543,350	14,463,867	12,591,018
Provincial grants (Note 9)	4,007,392	4,555,484	2,940,958
Leases (Note 10)	7,343,500	7,982,359	6,922,653
Interest	1,899,000	1,958,155	1,819,592
Tax recovery land sales	2,200,000	2,482,259	4,039,563
Other (Note 11)	3,426,850	3,199,992	2,375,676
Total revenue, carried forward	\$ <u>31,420,092</u>	\$ <u>34,642,116</u>	\$ <u>30,689,460</u>

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

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF REVENUE, EXPENDITURE AND ACCUMULATED EXCESS
OF REVENUE OVER EXPENDITURE (cont'd)
FOR THE YEAR ENDED DECEMBER 31, 2006

	2006		2005
	BUDGET (Note 18)	ACTUAL	ACTUAL
Total revenue, brought forward	\$ 31,420,092	\$ 34,642,116	\$ 30,689,460
Expenditure			
General municipal:			
Transportation services	23,095,675	22,116,832	19,395,841
Administrative services	3,860,545	3,661,986	3,444,195
Water and sanitation services	1,877,914	1,291,661	1,470,350
Agriculture and community pasture services	2,140,666	2,139,767	2,118,252
Recreational and cultural services	1,498,625	1,285,697	2,161,930
Protective services	1,572,935	1,720,686	1,430,602
Industrial tax transfers	140,000	139,650	139,840
Total expenditure (Note 12, 14 and 15)	34,186,360	32,356,279	30,161,010
Excess (deficiency) of revenue over expenditure	\$ (2,766,268)	2,285,837	528,450
Accumulated excess of revenue over expenditure at beginning of year		1,338,028	1,826,552
		3,623,865	2,355,002
Less: transfers (to) from tax recovery land sales reserve (Note 16):			
Phase I	-	3,305	30,561
Phase II	-	(488,537)	(368,755)
Phase III	(2,325,000)	(2,218,600)	(3,678,780)
	(2,325,000)	(2,703,832)	(4,016,974)
Add: transfer from tax recovery land sales reserve (Note 16):			
Phase II	4,000,000	4,000,000	3,000,000
	\$ 1,675,000	1,296,168	(1,016,974)
Accumulated excess of revenue over expenditure at end of year		\$ 4,920,033	\$ 1,338,028
Increase (decrease) in accumulated excess of revenue over expenditure during the year	\$ (1,091,268)	\$ 3,582,005	\$ (488,524)

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

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>2006</u>	<u>2005</u>
Tax recovery land sales reserves :		
Phase I		
Balance at beginning of year	\$ 39,273,715	\$ 39,304,276
Deduct transfers of accumulated excess of revenue over expenditure (Note 16)	<u>(3,305)</u>	<u>(30,561)</u>
Balance at end of year	<u>39,270,410</u>	<u>39,273,715</u>
Phase II		
Balance at beginning of year	7,368,106	9,999,351
Add transfers of accumulated excess of revenue over expenditure (Note 16)	488,537	368,755
Deduct transfers of funds to operations (Note 16)	<u>(4,000,000)</u>	<u>(3,000,000)</u>
Balance at end of year	<u>3,856,643</u>	<u>7,368,106</u>
Phase III		
Balance at beginning of year	4,148,380	469,600
Add transfer from accumulated excess of revenue over expenditure (Note 16)	<u>2,218,600</u>	<u>3,678,780</u>
Balance at end of year	<u>6,366,980</u>	<u>4,148,380</u>
Total balance at end of year	49,494,033	50,790,201
Public reserve:		
Balance at beginning and end of year	<u>1,319</u>	<u>1,319</u>
 Total reserves	 \$ <u>49,495,352</u>	 \$ <u>50,791,520</u>

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

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF EQUITY IN PHYSICAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>2006</u>	<u>2005</u>
Equity in capital assets at beginning of year	\$ 20,411,988	\$ 18,070,959
Add purchase of capital assets:		
Transportation services	4,057,781	3,140,932
Administrative services	409,149	532,117
Water and sanitation services	267,780	75,882
Protective services	458,822	530,497
Agriculture and community pasture services	149,520	224,767
Recreation and cultural services	26,305	108,968
	<u>5,369,357</u>	<u>4,613,163</u>
Annual amortization of capital assets	<u>(2,122,972)</u>	<u>(2,046,498)</u>
Disposal of capital assets	<u>(1,109,369)</u>	<u>(225,636)</u>
Equity in capital assets at end of year	\$ <u><u>22,549,004</u></u>	\$ <u><u>20,411,988</u></u>
Equity in inventories at beginning of year	\$ 2,317,588	\$ 2,358,948
Add purchases and other inventory costs	2,617,084	1,761,833
Deduct requisitions	<u>(1,896,486)</u>	<u>(1,803,193)</u>
Equity in inventory at end of year	\$ <u><u>3,038,186</u></u>	\$ <u><u>2,317,588</u></u>
Equity in physical assets at end of year	\$ <u><u>25,587,190</u></u>	\$ <u><u>22,729,576</u></u>

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

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>2006</u>	<u>2005</u>
Operating activities:		
Excess of expenditure over revenue	\$ 2,285,837	\$ 528,450
Amortization of investment premiums, less discounts	161,865	218,586
Loss (gain) on sale of investments	10,633	(36,342)
Increase in provision for gravel pit reclamation	100,000	250,000
Sale of capital assets	(1,109,369)	(225,636)
Purchase of capital assets	5,369,357	4,613,163
Increase (decrease) in inventories	720,599	(41,360)
	<u>7,538,922</u>	<u>5,306,861</u>
Changes in non-cash working capital accounts:		
Accounts receivable	(1,010,818)	(938,464)
Taxes receivable, net	1,657,124	(1,577,808)
Due to Province of Alberta, net	819,750	(220,732)
Accounts payable and accruals	639,974	866,180
Capital lease	-	(43,900)
Deferred lease revenue	93,358	50,893
Deferred provincial grant revenue	(982,153)	920,477
Inventories	(720,599)	41,360
	<u>496,636</u>	<u>(901,994)</u>
Cash provided by operating activities	<u>8,035,558</u>	<u>4,404,867</u>
Investing activities:		
Net change in non - current accounts receivable	(382,511)	(907,974)
Proceeds from redemption of investments	9,325,574	8,903,794
Purchase of investments	(9,650,582)	(10,728,435)
Sale of capital assets	1,109,369	225,636
Purchase of capital assets	(5,369,357)	(4,613,163)
Cash applied to investing activities	<u>(4,967,507)</u>	<u>(7,120,142)</u>
Financing activities:		
(Decrease) increase in provision for disability benefits	(108,777)	135,136
Cash (applied to) provided by financing activities	<u>(108,777)</u>	<u>135,136</u>
Increase (decrease) in cash	2,959,274	(2,580,139)
Cash at the beginning of year	<u>23,130,448</u>	<u>25,710,587</u>
Cash at end of year	<u>\$ 26,089,722</u>	<u>\$ 23,130,448</u>

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

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2006

Note 1 Authority and Purpose

The Special Areas Trust Account operates under the authority of the *Special Areas Act*, Revised Statutes of Alberta 2000, chapter S-16. The Special Areas Trust Account is held by the Special Areas Board, an agent of the Crown in right of Alberta, and as such, has a tax exempt status.

The Special Areas Board (the "Board") is appointed by the Lieutenant Governor in Council. The Board provides municipal services and long-term land resource management.

Note 2 Significant Accounting Policies

(a) General

These financial statements have been prepared in accordance with generally accepted accounting principles for municipal governments.

(b) Tax Recovery Land

Tax recovery land, including any mineral surface leases attached thereto, was acquired for insignificant amounts and is not recorded in the balance sheet. Approximately 1.107 million acres of tax recovery land remains unsold as at December 31, 2006 (2005 - 1.155 million acres).

Crown land transferred to the Province of Alberta from the Government of Canada for no monetary consideration, located within the Special Areas and administered by the Special Areas Board, is not valued for financial statement purposes. This consists of approximately 1.589 million acres (2005 - 1.591 million acres).

(c) Investments

Investments are valued at cost adjusted for the applicable amortization of discount or premium using the straight-line method over the period to maturity.

(d) Inventories

The cost of consumable supplies is included as an expenditure when incurred. For information purposes, inventories of consumable supplies are shown on the balance sheet as physical assets at net book value with the offsetting credit to equity in physical assets.

Inventories are valued at the lower of cost or net replacement value. Costs for all inventories are determined by using the first-in-first-out method with the exception of parts which are valued by using the average costing method.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2006

Note 2 (e) Capital Assets

(cont'd) Capital asset acquisitions are included as expenditures in the statement of revenue, expenditure and accumulated excess of revenue over expenditure. For information purposes, capital assets except the cost of construction of roads and bridges, having an original cost greater than \$2,500 (\$10,000 for engineered structures and third party software development) are shown on the statement of financial position as physical assets at net book value with the offsetting credit to equity in physical assets. All land and other off the shelf electronic data processing equipment is capitalized.

The cost of capital assets shown on the statement of financial position is amortized to estimated salvage value at the following rates (rates and values expressed as a percentage of original cost):

	<u>Annual Amortization</u>			Estimated Salvage Value
	Year 1	Year 2	Year 3 and Thereafter	
	%	%	%	
Mobile equipment	5.00	5.00	5.00	5.00
Buildings / Eng. structures	2.50	2.50	2.50	2.50
Automotive equipment	20.00	15.00	10.00	10.00
Machinery and equipment	6.67	6.67	6.67	6.67
Electronic data processing				
- Hardware	40.00	30.00	20.00	-
- Software	25.00	25.00	25.00	-

The portion of the cost of purchased land attributed to the value of gravel situated on the land, is amortized at the rate at which the gravel is excavated.

(f) Pensions

The Board participates in two multi-employer defined benefit pension plans, the Management Employees Pension Plan and the Public Service Pension Plan. The Board accounts for its participation in these plans on a defined contribution basis. Pension costs included in these statements comprise of the cost of employer contributions for current service of employees during the year.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2006

Note 2 (g) Financial Instruments

(cont'd) The carrying value of cash, current accounts receivable, taxes receivable, amounts due to / from Province of Alberta, and accounts payable and accruals approximate fair value due to the short-term nature of these items.

The carrying value of non-current accounts receivable approximate their fair value.

The fair value of investments is disclosed on Schedule 1.

Note 3 Cash

The Consolidated Cash Investment Trust Fund is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is composed of high quality short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at December 31, 2006, securities held by the Fund have an average effective market yield of 3.91% per annum (2005 - 3.62% per annum).

Note 4 Accounts Receivable, Net

Accounts receivable, net of applicable allowances for doubtful accounts of \$91,650 (2005 - \$83,804), are comprised of the following:

	<u>2006</u>	<u>2005</u>
Current:		
From sale of tax recovery land and related mineral surface leases	\$ 519,958	\$ 526,577
Accrued interest	<u>102,738</u>	<u>105,596</u>
	622,696	632,173
Secondary highway rentals	1,392,559	678,888
Federal government grants	4,917	367,192
Accrued interest on investments	254,714	251,581
Leases	374,936	122,459
Miscellaneous	893,338	480,049
	<u>\$ 3,543,160</u>	<u>\$ 2,532,342</u>
Non-current:		
From sale of tax recovery land and related mineral surface leases	\$ 2,954,885	\$ 2,724,665
Other	<u>460,084</u>	<u>307,791</u>
	<u>\$ 3,414,969</u>	<u>\$ 3,032,456</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2006

Note 4 (cont'd) Payment for tax recovery land sold and for the sales of related mineral surface leases may be made in installments over a period not exceeding ten years. An interest rate of 8% per annum is applied to tax recovery land sales I & II and 6% per annum to tax recovery land sale III that commenced in 2004. Title to tax recovery land sold (and related leases sold) is transferred from the Minister of Municipal Affairs to the purchaser after all payments have been received. If a purchaser defaults in payment, the agreement(s) for sale may be declared null and void and all monies received may be retained as liquidated damages.

Note 5 Due from Province of Alberta, Net

The net amount due from the Province of Alberta is comprised of the following:

	<u>2006</u>	<u>2005</u>
Due from Province of Alberta:		
Alberta Infrastructure and Transportation	\$ 1,196,767	\$ 410,725
Alberta Agriculture	140,574	-
Alberta Finance	57,307	-
Other	50,268	45,323
	<u>1,444,916</u>	<u>456,048</u>
Due to Province of Alberta:		
Alberta Infrastructure and Transportation	(1,899,522)	-
Alberta Environment	(199,359)	(193,126)
Other	(36,699)	(133,836)
	<u>(2,135,580)</u>	<u>(326,962)</u>
Due (to) from Province of Alberta, net	<u>\$ (690,664)</u>	<u>\$ 129,086</u>

Note 6 Physical Assets

	<u>2006</u>			<u>2005</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Capital Assets:				
Mobile equipment	\$ 16,624,442	\$ 5,037,342	\$ 11,587,100	\$ 10,595,611
Buildings / Eng. structures	8,567,494	3,240,933	5,326,561	4,614,829
Automotive equipment	8,425,669	5,340,769	3,084,900	2,821,277
Machinery and equipment	2,932,007	1,666,204	1,265,803	1,061,025
Land	1,088,379	89,563	998,816	998,816
Electronic data processing				
- Hardware	742,758	539,176	203,582	175,797
- Software	1,018,083	935,841	82,242	144,633
Capital Assets, carried f'wd.	<u>\$ 39,398,832</u>	<u>\$ 16,849,828</u>	<u>\$ 22,549,004</u>	<u>\$ 20,411,988</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2006

Note 6	2006			2005
(cont'd)	Cost	Allowance for obsolescence	Net Book Value	Net Book Value
Inventory:				
Parts	\$ 1,066,059	\$ 10,661	\$ 1,055,398	\$ 1,026,748
Gravel	1,786,852	-	1,786,852	1,090,305
Culverts	55,200	-	55,200	71,326
Fuel	48,737	-	48,737	57,143
Chemicals	56,070	-	56,070	31,458
Fencing and other	35,929	-	35,929	40,608
	\$ 3,048,847	\$ 10,661	3,038,186	2,317,588
Capital Assets, brought fwd.			22,549,004	20,411,988
Total physical assets			\$ 25,587,190	\$ 22,729,576

Note 7 Deferred Provincial Grant Revenue

	2006	2005
Infrastructure and Transportation	\$ 71,199	\$ 1,047,852
Emergency Services	10,784	16,284
	\$ 81,983	\$ 1,064,136

Note 8 Provision for Gravel Pit Reclamation

The provision for gravel pit reclamation costs are estimates of future costs of restoring gravel pits to the standards required by the *Environmental Protection and Enhancement Act*.

There is uncertainty with respect to the measurement of the estimates. Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount.

Reclamation is ongoing and the uncertainty inherent in the provision will thus be partially resolved each year.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2006

Note 9 Provincial Grants

	<u>2006</u>	<u>2005</u>
Infrastructure and Transportation	\$ 3,555,163	\$ 1,908,785
Agriculture, Food and Rural Development	439,045	419,922
Environment	247,927	262,261
Health and Wellness	163,392	143,561
Children's Services	122,171	122,171
Community Development	16,000	16,000
Municipal Affairs	5,952	65,089
Human Resources and Employment	<u>5,833</u>	<u>3,169</u>
	<u>\$ 4,555,484</u>	<u>\$ 2,940,958</u>

Note 10 Lease Revenue

	<u>2006</u>	<u>2005</u>
Mineral surface leases	\$ 3,940,966	\$ 3,639,917
Equipment rentals	1,546,605	1,060,327
Grazing leases	1,225,398	903,727
Community pastures	452,293	440,040
Cultivation leases	341,229	362,714
Other	<u>475,868</u>	<u>515,928</u>
	<u>\$ 7,982,359</u>	<u>\$ 6,922,653</u>

Note 11 Other Revenue

	<u>2006</u>	<u>2005</u>
Proceeds on sale of capital assets	\$ 1,157,386	\$ 211,723
Park permits and concessions	434,630	325,618
Municipal services cost recovery	405,807	174,097
Sale of sand and gravel	236,148	134,257
Oil well drilling taxes	233,630	305,367
License, permits, assignments and application fees	232,655	250,103
Fuel tax rebate	173,685	356,140
Federal government grants	1,967	369,743
Miscellaneous	<u>324,084</u>	<u>248,628</u>
	<u>\$ 3,199,992</u>	<u>\$ 2,375,676</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2006

Note 12 Total Expenditure

Total expenditure for the year is analyzed by object of expenditure as follows:

	<u>2006</u>	<u>2005</u>
Manpower (Schedule 2)	\$ 9,809,604	\$ 9,144,970
Materials, goods, and utilities	8,565,612	7,051,861
Contract and general services	6,597,123	6,494,031
Capital assets acquired	5,369,356	4,613,163
Grants	1,561,660	2,401,004
Goods and services from Alberta Government departments		
Alberta Revenue		
Risk Management	158,148	154,228
Investment fees	5,745	6,563
Alberta Municipal Affairs		
Linear assessment	81,192	80,219
Government Services	18,907	17,977
Provision (recovery) for doubtful accounts	49,282	57,154
Industrial tax transfers	139,650	139,840
	<u>\$ 32,356,279</u>	<u>\$ 30,161,010</u>

Note 13 Pension Plan

The Board participates with other employers in the Public Service Pension Plan ("PSPP") and the Management Employees Pension Plan ("MEPP"). These plans provide pensions for the Board's employees based on years of service and earnings.

Total current contributions by the Board in 2006 to the PSPP were \$250,889 (2005 - \$230,468) and to the MEPP were \$152,792 (2005 - \$133,088).

At December 31, 2005, the PSPP reported a deficiency of \$187,704,000 (2004 - \$450,068,000) and the MEPP reported a deficiency of \$165,895,000 (2004 - \$268,101,000).

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2006

Note 14 Related Party Transactions

Expenditures for goods and services provided by the Province of Alberta and billed to the Board are disclosed in Note 12.

Grants provided by the Province of Alberta are disclosed in Note 9 and the amounts outstanding at the end of the year are disclosed in Note 5.

During 2006, the Board received funds as agent for Alberta Environment amounting to \$199,359 (2005 - \$193,126), all of which is included as due to the Department at the end of the year

Note 15 Administration Expenses

Accommodation costs for the offices at Hanna, amounting to approximately \$70,000 annually, have not been included in the expenditures of the Board. The building is owned and operated by Alberta Infrastructure & Transportation and all costs are recorded as expenditure of that Ministry.

Note 16 Tax Recovery Land Sales Reserve

Transfers to (from) tax recovery land sales reserve have been determined as follows:

	Phase I	Phase II	Phase III	Total
Land sales	\$ (3,305)	\$ -	\$ 2,218,600	\$ 2,215,295
Transfers	-	(4,000,000)	-	(4,000,000)
Interest	-	488,537	-	488,537
	\$ (3,305)	\$ (3,511,463)	\$ 2,218,600	\$ (1,296,168)

Phases I, II and III relate to proceeds from sales under the 1981, 1988 and 2004 tax recovery land sales policies respectively.

Phases I and III exclude interest revenue and have not been earmarked for specific expenditures.

Phase II includes interest earned under agreements for sale and investment interest earned on Phase II funds and is earmarked for future capital projects as authorized by the Minister of Municipal Affairs.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2006

Note 17 Contractual Obligations

The Board has entered into nine long-term operating leases for equipment. The future lease payments are as follows:

2007	\$	651,293
2008		498,738
2009		498,738
2010		273,101
2011		-
		<u>\$ 1,921,870</u>

Note 18 Budget

The 2006 municipal budget was adopted by the Board and approved by the Minister of Municipal Affairs in January 2006.

Note 19 Comparative Figures

Certain 2005 figures have been reclassified to conform to 2006 presentation.

Note 20 Approval of Financial Statements

These financial statements have been approved by the Board.

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF INVESTMENTS
AS AT DECEMBER 31, 2006

	2006						2005
	Stated	Effective	Maturity Date	Par	Fair Value	Book Value	Book Value
	Interest	Interest		Value			
Rate	Rate						
Bonds:							
Bank of Montreal	7.000%	4.320%	January 28, 2010	\$ 180,000	\$ 193,777	\$ 193,178	\$ 197,457
Bank of Montreal	8.150%	5.450%	May 9, 2011	-	-	-	264,484
Bank of Nova Scotia	4.515%	4.510%	November 19, 2008	700,000	702,989	700,000	700,000
Canada Housing Trust	4.400%	3.730%	March 15, 2008	1,750,000	1,755,688	1,761,164	765,363
Canada Housing Trust	3.700%	4.320%	September 15, 2008	600,000	595,872	594,299	1,575,907
Canada Housing Trust	4.100%	4.120%	December 15, 2008	760,000	759,818	759,691	299,739
Canada Housing Trust	3.550%	4.020%	March 15, 2009	1,760,000	1,739,830	1,743,497	1,736,015
Canada Housing Trust	3.750%	3.530%	March 15, 2010	3,500,000	3,464,265	3,521,539	3,528,259
Canada Housing Trust	4.050%	4.240%	March 15, 2011	2,700,000	2,695,896	2,680,722	-
Canadian Imperial Bank of Commerce	4.550%	4.710%	May 9, 2011	700,000	704,354	695,417	-
Government of Canada	7.000%	2.840%	December 1, 2006	-	-	-	207,453
Government of Canada	3.000%	3.780%	June 1, 2007	-	-	-	1,078,302
Government of Canada	7.250%	4.970%	June 1, 2007	-	-	-	936,668
Government of Canada	4.500%	3.530%	September 1, 2007	-	-	-	2,294,195
Government of Canada	6.000%	4.580%	June 1, 2008	-	-	-	1,969,167
Government of Canada	4.250%	3.380%	September 1, 2008	880,000	882,807	892,288	899,640
Government of Canada	5.500%	4.770%	June 1, 2009	1,380,000	1,427,734	1,408,511	1,420,297
Government of Canada	4.250%	3.650%	September 1, 2009	1,735,000	1,745,861	1,760,755	1,770,396
Government of Canada	5.500%	4.090%	June 1, 2010	520,000	545,069	543,080	549,830
Government of Canada	6.000%	5.920%	June 1, 2011	95,000	102,668	95,246	95,301
Government of Canada	3.750%	4.010%	September 1, 2011	1,800,000	1,781,820	1,780,217	-
Government of Canada	5.250%	3.870%	June 1, 2012	1,040,000	1,102,161	1,109,522	-
Province of Manitoba	6.250%	5.930%	September 1, 2009	400,000	421,196	402,756	403,788
Province of Ontario	3.500%	2.640%	September 8, 2006	-	-	-	402,293
Province of Ontario	5.700%	3.380%	December 1, 2008	740,000	761,083	771,098	787,290
Province of Ontario	6.100%	4.070%	November 19, 2010	500,000	535,175	535,632	327,219
Province of Ontario	6.100%	4.490%	December 2, 2011	700,000	760,473	748,748	-
Province of Quebec	5.500%	4.160%	June 1, 2009	280,000	288,627	288,155	291,527
Province of Quebec	6.250%	4.400%	December 1, 2010	1,750,000	1,880,935	1,863,306	1,892,206
Financement Quebec	5.750%	3.760%	December 1, 2008	470,000	483,686	486,620	495,274
Royal Bank of Canada	5.500%	4.360%	February 13, 2011	-	-	-	683,262
Royal Bank of Canada	3.700%	4.190%	June 24, 2015	400,000	392,604	393,665	-
TD Bank	5.200%	3.250%	September 4, 2012	700,000	703,682	729,912	735,176
				26,040,000	26,428,070	26,459,018	26,306,508
Alberta Capital Finance Authority			(15 Shares)	-	150	150	150
Agricore United Common Shares			(7,918 Shares)	-	95,016	43,550	43,550
				\$ 26,040,000	\$ 26,523,236	\$ 26,502,718	\$ 26,350,208

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2006

	2006					2005	
	Number of Individuals (a)	Salary (b)	Other Cash Benefits (c)	Other Non-cash Benefits (d)	Total	Number of Individuals	Total
Chairman of the Special Areas Board	1	\$ 124,395	\$ 8,950	\$ 29,606	\$ 162,951	1	\$ 142,062
Special Areas Board members	2	9,328	-	1,074	10,402	2	10,131
Director of Finance and Administration	1	90,447	6,774	23,402	120,623	1	112,608
Director of Municipal Services	1	93,765	9,542	16,468	119,775	1	120,535
Director of Properties Administration	1	93,762	7,019	24,060	124,841	1	116,349
Roads & Equipment Superintendent	1	81,252	2,925	21,528	105,705	1	99,748
Managers (e)	4	289,416	13,240	76,679	379,335	4	340,381
Other full time staff (f)	78.9	4,252,917	-	733,551	4,986,468	76.0	4,625,804
Part time and casual wage staff		3,333,254	-	290,621	3,623,875		3,504,098
Other Boards and committees		41,799	-	581	42,380		33,765
Advisory Councillors	13	17,160	-	1,025	18,185	13	20,128
Increase in vacation accrual		115,064	-	-	115,064		19,361
		\$ 8,542,559	\$ 48,450	\$ 1,218,595	\$ 9,809,604		\$ 9,144,970

- (a) Number of individuals consists of full time equivalents, except for Special Areas Board members and Advisory Councillors.
- (b) Salary includes regular base pay.
- (c) Other cash benefits includes bonuses, lump sum payments, honoraria and vacation payouts.
- (d) Employer's share of all employee benefits and contributions or payments made on behalf of employees, managers and board members including Workers' Compensation Board, Canada Pension Plan, Employment Insurance, camp allowances, pension, health care, dental coverage, out of country medical benefits, membership fees, group life insurance, accidental death and dismemberment insurance and long-term disability plan.
- (e) Average salary is \$72,354 and average benefits (columns c & d) are \$22,480 totaling \$94,834. (2005 - \$85,096).
- (f) Average salary is \$53,834 and average benefits are \$9,265 totaling \$63,099. (2005 - \$60,866).

Alphabetical List of Entities' Financial Statements in Ministry 2006-07 Annual Reports

Alphabetical List of Entities' Financial Statements in Ministry 2006-07 Annual Reports

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	Ministry Annual Report
Colleges:	Advanced Education and Technology
Alberta College of Art and Design	
Bow Valley College	
Grande Prairie Regional College	
Grant MacEwan College	
Keyano College	
Lakeland College	
Lethbridge Community College	
Medicine Hat College	
Mount Royal College	
NorQuest College	
Northern Lakes College	
Olds College	
Portage College	
Red Deer College	
Department of Advanced Education and Technology	Advanced Education and Technology
Department of Agriculture and Food	Agriculture and Food
Department of Children's Services	Children's Services
Department of Education	Education
Department of Energy	Energy
Department of Finance	Finance
Department of Health and Wellness	Health and Wellness
Department of Municipal Affairs and Housing	Municipal Affairs and Housing
Department of Seniors and Community Supports	Seniors and Community Supports
Department of Solicitor General and Public Security	Solicitor General and Public Security
Department of Sustainable Resource Development	Sustainable Resource Development
Department of Tourism, Parks, Recreation and Culture	Tourism, Parks, Recreation and Culture
Department of Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation	Tourism, Parks, Recreation and Culture
Historic Resources Fund	Tourism, Parks, Recreation and Culture
Human Rights, Citizenship and Multiculturalism Education Fund	Tourism, Parks, Recreation and Culture
iCORE Inc.	Tourism, Parks, Recreation and Culture
Lottery Fund	Advanced Education and Technology
Ministry of Advanced Education and Technology	Solicitor General and Public Security
Ministry of Agriculture and Food	Advanced Education and Technology
Ministry of Children's Services	Agriculture and Food
Ministry of Education	Children's Services
Ministry of Employment, Immigration and Industry ⁵	Education
Ministry of Energy	Employment, Immigration and Industry
Ministry of Environment ⁵	Energy
Ministry of Executive Council ⁵	Environment
Ministry of Finance	Executive Council
Ministry of Health and Wellness	Finance
Ministry of Infrastructure and Transportation ⁵	Health and Wellness
Ministry of International, Intergovernmental and Aboriginal Relations ⁵	Infrastructure and Transportation
Ministry of Justice ⁵	International, Intergovernmental and Aboriginal Relations
Ministry of Municipal Affairs and Housing	Justice
Ministry of Seniors and Community Supports	Municipal Affairs and Housing
Ministry of Service Alberta ⁵	Seniors and Community Supports
Ministry of Solicitor General and Public Security	Service Alberta

⁵ Ministry includes only the departments so separate departmental financial statements are not necessary.

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	Ministry Annual Report
Access to the Future Fund ¹	Advanced Education and Technology
Agriculture Financial Services Corporation	Agriculture and Food
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Cancer Prevention Legacy Fund ²	Finance
Alberta Capital Finance Authority	Finance
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Tourism, Parks, Recreation and Culture
Alberta Gaming and Liquor Commission	Solicitor General and Public Security
Alberta Heritage Foundation for Medical Research Endowment Fund	Finance
Alberta Heritage Savings Trust Fund	Finance
Alberta Heritage Scholarship Fund	Finance
Alberta Heritage Science and Engineering Research Endowment Fund	Finance
Alberta Historical Resources Foundation	Tourism, Parks, Recreation and Culture
Alberta Insurance Council	Finance
Alberta Local Authorities Pension Plan Corporation ³	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Advanced Education and Technology
Alberta Risk Management Fund	Finance
Alberta School Foundation Fund	Education
Alberta Securities Commission	Finance
Alberta Social Housing Corporation	Municipal Affairs and Housing
Alberta Sport, Recreation, Parks and Wildlife Foundation	Tourism, Parks, Recreation and Culture
Alberta Treasury Branches	Finance
ATB Insurance Advisors Inc. ⁴	Finance
ATB Investment Management Inc.	Finance
ATB Investment Services Inc.	Finance
ATB Services Inc.	Children's Services
Child and Family Services Authorities:	
Calgary and Area Child and Family Services Authority	
Central Alberta Child and Family Services Authority	
East Central Alberta Child and Family Services Authority	
Edmonton and Area Child and Family Services Authority	
North Central Alberta Child and Family Services Authority	
Northeast Alberta Child and Family Services Authority	
Northwest Alberta Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Southwest Alberta Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
C-FER Technologies (1999) Inc.	Advanced Education and Technology
Credit Union Deposit Guarantee Corporation	Finance

¹ Established July 10, 2005.

² Proclaimed May 31, 2006.

³ Incorporated December 16, 2005.

⁴ Incorporated July 12, 2006.

Alphabetical List of Entities' Financial Statements in Ministry 2006-07 Annual Reports (Continued)

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency

Ministry Annual Report

Edmonton School District No. 7	Sustainable Resource Development
Elk Island Catholic Separate Regional Division No. 41	Tourism, Parks, Recreation and Culture
Elk Island Public Schools Regional Division No. 14	Treasury Board
Evergreen Catholic Separate Regional Division No. 2	Finance
FFCA Charter School Society	Sustainable Resource Development
Foodhills School Division No. 38	Seniors and Community Supports
Fort McMurray Roman Catholic Separate School District No. 32	
Fort McMurray School District No. 2833	
Fort Vermilion School Division No. 52	
Golden Hills School Division No. 75	
Grande Prairie Public School District No. 2357	
Grande Prairie Roman Catholic Separate School District No. 28	
Grande Yellowhead Regional Division No. 35	
Grasslands Regional Division No. 6	
Greater North Central Francophone Education Region No. 2	Seniors and Community Supports
Greater Southern Public Francophone Education Region No. 4	Finance
Greater Southern Separate Catholic Francophone Education Region No. 4	Health and Wellness
Greater St. Albert Catholic Regional Division No. 29	
High Prairie School Division No. 48	
Holy Family Catholic Regional Division No. 37	
Holy Spirit Roman Catholic Separate Regional Division No. 4	
Horizon School Division No. 67	
Lakeland Roman Catholic Separate School District No. 150	
Lethbridge School District No. 51	
Living Waters Catholic Regional Division No. 42	
Livingstone Range School Division No. 68	
Medicine Hat Catholic Separate Regional Division No. 20	
Medicine Hat School District No. 76	
Moberly Hall School Society	
Mother Earth's Children's Charter School Society	
New Horizons Charter School Society	
Northern Gateway Regional Division No. 10	
Northern Lights School Division No. 69	
Northland School Division No. 61	
Northwest Francophone Education Region No. 1	
Palliser Regional Division No. 26	
Parkland School Division No. 70	
Peace River School Division No. 10	
Peace Wapiti School Division No. 76	
Pembina Hills Regional Division No. 7	
Prairie Land Regional Division No. 25	
Prairie Rose School Division No. 8	
Red Deer Catholic Regional Division No. 39	
Red Deer School District No. 104	
Rocky View School Division No. 41	
St. Albert Protestant Separate School District No. 6	
St. Paul Education Regional Division No. 1	
St. Thomas Aquinas Roman Catholic Separate Regional Division No. 38	
Sturgeon School Division No. 24	
Suzuki Charter School Society	
Westmount Charter School Society	
Westwind School Division No. 74	
Wetaskiwin Regional Division No. 11	

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency

Ministry Annual Report

Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Tourism, Parks, Recreation and Culture	Tourism, Parks, Recreation and Culture
Ministry of the Treasury Board ⁵	Treasury Board
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Community Boards:	Seniors and Community Supports
Calgary Region Community Board	
Central Region Community Board	
Edmonton Region Community Board	
Northeast Region Community Board	
Northwest Region Community Board	
South Region Community Board	
Persons with Developmental Disabilities Provincial Board ⁶	
Provincial Judges and Masters in Chambers Reserve Fund	
Regional Health Authorities and Provincial Health Boards:	
Alberta Cancer Board	
Alberta Mental Health Board	
Aspen Regional Health Authority	
Calgary Health Region	
Capital Health	
Chinook Regional Health Authority	
David Thompson Regional Health Authority	
East Central Health	
Health Quality Council of Alberta ⁷	
Northern Lights Health Region	
Peace Country Health	
Palliser Health Region	
Safety Codes Council	
School Boards and Charter Schools:	
Almadina School Society	
Aspen View Regional Division No. 19	
Aurora School Ltd.	
Battle River Regional Division No. 31	
Black Gold Regional Division No. 18	
Boyle Street Education Centre	
Buffalo Trail Public Schools Regional Division No. 28	
Calgary Arts Academy Society	
Calgary Girls' School Society	
Calgary Roman Catholic Separate School District No. 1	
Calgary School District No. 19	
Calgary Science School Society	
Canadian Rockies Regional Division No. 12	
CAPE-Centre for Academic and Personal Excellence Institute	
Chinook's Edge School Division No. 73	
Christ the Redeemer Catholic Separate Regional Division No. 3	
Clearview School Division No. 71	
East Central Alberta Catholic Separate Schools Regional Division No. 16	
East Central Francophone Education Region No. 3	
Edmonton Catholic Separate School District No. 7	

⁵ Ministry includes only the departments so separate departmental financial statements are not necessary.
⁶ Ceased operations June 30, 2006.
⁷ Established July 1, 2006.

Alphabetical List of Entities' Financial Statements in Ministry 2006-07 Annual Reports (Continued)

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

<i>Ministry, Department, Fund or Agency</i>	<i>Ministry Annual Report</i>
Wild Rose School Division No. 66 Wolf Creek School Division No. 72 Supplementary Retirement Plan Reserve Fund Technical Institutes and The Banff Centre: Northern Alberta Institute of Technology Southern Alberta Institute of Technology The Banff Centre for Continuing Education	Finance Advanced Education and Technology
Universities: Athabasca University The University of Alberta The University of Calgary The University of Lethbridge	Advanced Education and Technology
Victims of Crime Fund Wild Rose Foundation	Solicitor General and Public Security Tourism, Parks, Recreation and Culture

ENTITIES NOT INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

<i>Fund or Agency</i>	<i>Ministry Annual Report</i>
Alberta Foundation for Health Research Alberta Heritage Foundation for Medical Research Alberta Heritage Foundation for Science and Engineering Research Alberta Teachers' Retirement Fund Board Improvement Districts' Trust Account Local Authorities Pension Plan Long-Term Disability Income Continuance Plan - Bargaining Unit Long-Term Disability Income Continuance Plan - Management, Opted Out and Excluded Management Employees Pension Plan Provincial Judges and Masters in Chambers Pension Plan Provincial Judges and Masters in Chambers (Unregistered) Pension Plan Public Service Management (Closed Membership) Pension Plan Public Service Pension Plan Special Areas Trust Account Special Forces Pension Plan Supplementary Retirement Plan for Public Service Managers Workers' Compensation Board	Advanced Education and Technology Advanced Education and Technology Advanced Education and Technology Education Municipal Affairs and Housing Finance Service Alberta Service Alberta Finance Finance Finance Finance Municipal Affairs and Housing Finance Finance Employment, Immigration and Industry

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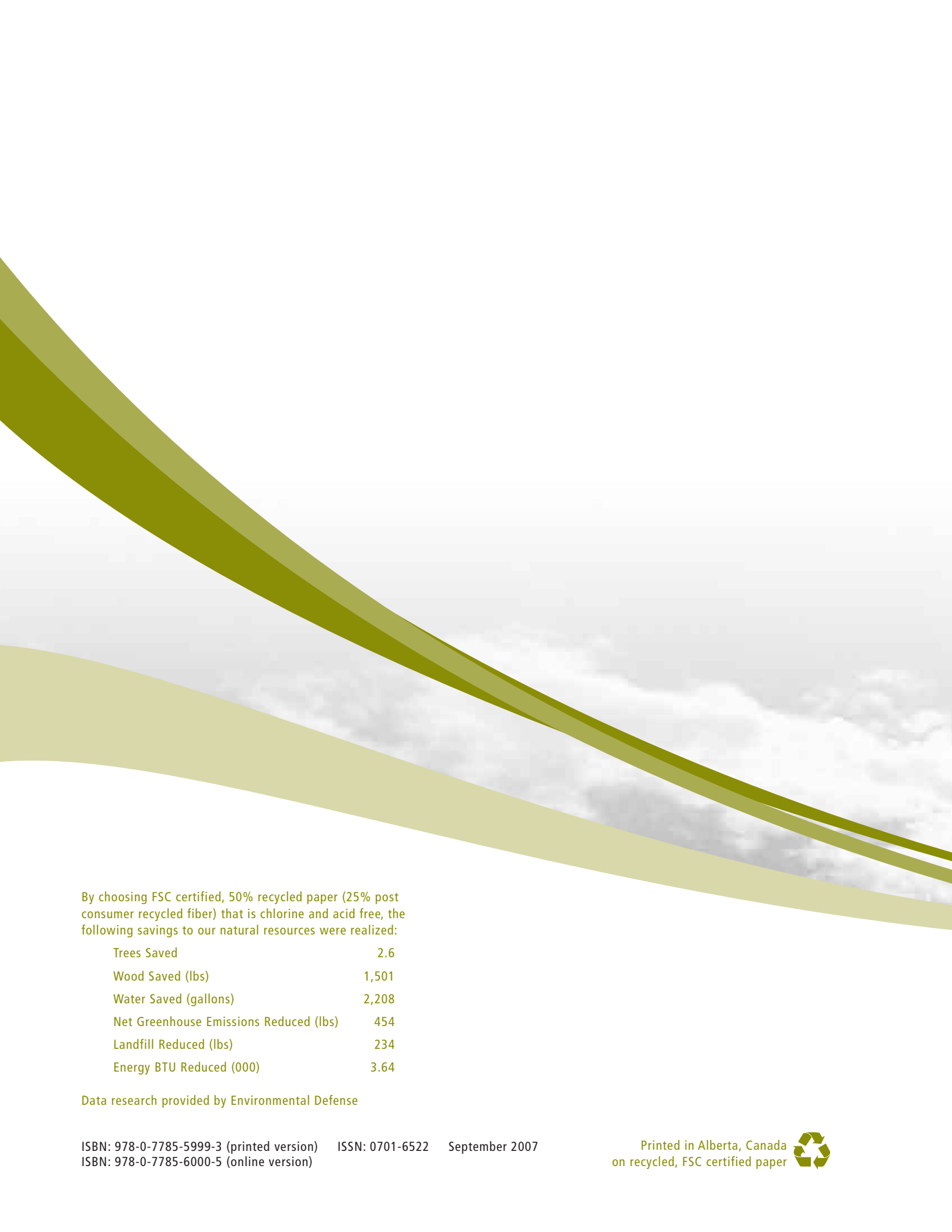
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Trees Saved	2.6
Wood Saved (lbs)	1,501
Water Saved (gallons)	2,208
Net Greenhouse Emissions Reduced (lbs)	454
Landfill Reduced (lbs)	234
Energy BTU Reduced (000)	3.64

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