

# Ministry of Infrastructure

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Financial Statements

March 31, 2010

MINISTRY OF INFRASTRUCTURE

FINANCIAL STATEMENTS

MARCH 31, 2010

Auditor's Report

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## Auditor's Report

To the Members of the Legislative Assembly

I have audited the statements of financial position of the Ministry of Infrastructure as at March 31, 2010 and 2009 and the statements of operations and cash flows for the years 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 audits.

I conducted my audits 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 Ministry of Infrastructure as at March 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Original signed by Merwan N. Saher, CA  
Auditor General

Edmonton, Alberta  
May 31, 2010

MINISTRY OF INFRASTRUCTURE  
STATEMENTS OF OPERATIONS  
Year ended March 31

|   | (in thousands)      |                     |                     |
|---|---------------------|---------------------|---------------------|
|   | 2010                |                     | 2009                |
|   | <u>Budget</u>       | <u>Actual</u>       | <u>Actual</u>       |
|   | (Schedule 4)        |                     | (Note 3)            |
| Revenues (Schedule 1)                                     |                     |                     |                     |
| Transfers from the Government of Canada                   | \$ 15,000           | \$ -                | \$ -                |
| Parking and Other Fees                                    | 2,700               | 3,047               | 3,353               |
| Other Revenue   | <u>21,320</u>       | <u>24,855</u>       | <u>37,071</u>       |
|   | <u>39,020</u>       | <u>27,902</u>       | <u>40,424</u>       |
| Expenses - Directly Incurred (Note 2b, 3b and Schedule 8) |                     |                     |                     |
| Voted (Schedules 3 and 5)                                 |                     |                     |                     |
| Ministry Support Services                                 | 13,608              | 13,155              | 11,842              |
| Government Operations                                     | 409,481             | 389,847             | 409,316             |
| Other Programs and Services                               | 64,526              | 39,684              | 263,924             |
| Non-Cash Items  | <u>87,491</u>       | <u>78,067</u>       | <u>89,427</u>       |
|   | <u>575,106</u>      | <u>520,753</u>      | <u>774,509</u>      |
| Statutory (Schedules 3 and 5)                             |                     |                     |                     |
| Valuation Adjustments                                     |                     |                     |                     |
| Provision for Doubtful Accounts                           | -                   | (297)               | 356                 |
| Provision for Vacation Pay                                | -                   | 142                 | 657                 |
| Provision for Future Site Remediation<br>and Reclamation  | <u>-</u>            | <u>(6,305)</u>      | <u>775</u>          |
|   | <u>-</u>            | <u>(6,460)</u>      | <u>1,788</u>        |
| Total Expenses  | <u>575,106</u>      | <u>514,293</u>      | <u>776,297</u>      |
| Gain on Disposal of Tangible Capital Assets               | <u>-</u>            | <u>896</u>          | <u>15,245</u>       |
| Net Operating Result                                      | <u>\$ (536,086)</u> | <u>\$ (485,495)</u> | <u>\$ (720,628)</u> |

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

MINISTRY OF INFRASTRUCTURE  
STATEMENTS OF FINANCIAL POSITION  
As at March 31

|   | (in thousands)      |                     |
|---|---------------------|---------------------|
|   | 2010                | 2009                |
|   |                     | (Note 3)            |
| <b>ASSETS</b>   |                     |                     |
| Cash and Cash Equivalents   | \$ 435              | \$ 694              |
| Accounts Receivable (Note 4)                                      | 7,945               | 5,662               |
| Advances (Note 5)   | 217                 | 187                 |
| Inventories   | 2,300               | 2,271               |
| Tangible Capital Assets (Note 6)                                  | <u>2,240,429</u>    | <u>2,021,324</u>    |
|   | <u>\$ 2,251,326</u> | <u>\$ 2,030,138</u> |
| <b>LIABILITIES</b>  |                     |                     |
| Accounts Payable and Accrued Liabilities                          | \$ 82,059           | \$ 112,136          |
| Holdbacks Payable   | 28,459              | 17,921              |
| Unearned Revenue  | 9,055               | 2,930               |
| Liabilities for Future Site Remediation and Reclamation (Note 2b) | <u>40,701</u>       | <u>45,237</u>       |
|   | <u>\$ 160,274</u>   | <u>\$ 178,224</u>   |
| <b>NET ASSETS (Note 3a)</b>                                       |                     |                     |
| Net Assets at Beginning of Year                                   | \$ 1,851,914        | \$ 1,601,813        |
| Net Operating Result  | (485,495)           | (720,628)           |
| Net Financing Provided from General Revenues                      | <u>724,633</u>      | <u>970,729</u>      |
| Net Assets at End of Year   | <u>2,091,052</u>    | <u>1,851,914</u>    |
|   | <u>\$ 2,251,326</u> | <u>\$ 2,030,138</u> |

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

MINISTRY OF INFRASTRUCTURE  
STATEMENTS OF CASH FLOWS  
Year ended March 31

|   | (in thousands)   |                  |
|---|------------------|------------------|
|   | 2010             | 2009             |
|   |                  | (Note 3)         |
| Operating Transactions  |                  |                  |
| Net Operating Result  | \$ (485,495)     | \$ (720,628)     |
| Non-cash items included in Net Operating Results:                     |                  |                  |
| Amortization of Capital Assets and Consumption of Inventory           | 77,688           | 66,843           |
| Gain on Disposal of Tangible Capital Assets                           | (896)            | (15,245)         |
| Grants in Kind  | 379              | 22,584           |
| Donated Tangible Capital Assets                                       | -                | (585)            |
| Provision for Future Site Remediation                                 | 4,148            | 4,148            |
| Valuation Adjustments   | (6,460)          | 1,788            |
|   | <u>(410,636)</u> | <u>(641,095)</u> |
| Changes in Working Capital  |                  |                  |
| (Increase) in Accounts Receivable                                     | (1,986)          | (754)            |
| (Increase) in Advances  | (30)             | (95)             |
| (Decrease) in Accounts Payable and Accrued Liabilities                | (30,219)         | (109,827)        |
| Increase in Holdbacks Payable   | 10,538           | 4,227            |
| Increase (Decrease) in Unearned Revenue                               | 6,125            | (410)            |
| (Decrease) in Liabilities for Future Site Remediation and Reclamation | (2,379)          | -                |
|   | <u>(428,587)</u> | <u>(747,954)</u> |
| Cash Applied to Operating Transactions                                |                  |                  |
| Capital and Inventory Transactions                                    |                  |                  |
| Acquisition of Tangible Capital Assets                                | (300,870)        | (225,398)        |
| Purchase of Inventories   | (1,103)          | (1,995)          |
| Transfer of Tangible Capital Assets to Other Government Entities (a)  | 4,542            | 1,562            |
| Proceeds from Disposal of Tangible Capital Assets                     | 1,126            | 3,267            |
|   | <u>(296,305)</u> | <u>(222,564)</u> |
| Cash Applied to Capital and Inventory Transactions                    |                  |                  |
| Financing Transactions  |                  |                  |
| Net Financing Provided from General Revenues                          | 724,633          | 970,729          |
|   | <u>724,633</u>   | <u>970,729</u>   |
| Cash Provided by Financing Transactions                               |                  |                  |
| Increase (Decrease) in Cash and Cash Equivalents                      | (259)            | 211              |
| Cash and Cash Equivalents, Beginning of Year                          | 694              | 483              |
| Cash and Cash Equivalents, End of Year                                | <u>\$ 435</u>    | <u>\$ 694</u>    |

(a) The following transfers were made to the Ministry of Infrastructure: \$681 from the Ministry of Transportation and \$605 from the Ministry of Culture and Community Spirit.

The following transfers were made from the Ministry of Infrastructure: \$676 to the Ministry of Sustainable Resource Development, and \$5,151 to the Ministry of Tourism, Parks, and Recreation.

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

MINISTRY OF INFRASTRUCTURE  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 1 AUTHORITY AND PURPOSE**

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The Ministry of Infrastructure (the "Ministry") operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The Minister of Infrastructure (the "Minister") is responsible for working with partners and stakeholders to:

- support the provision of health, learning, and other public infrastructure;
- operate, maintain and preserve government-owned and leased properties;
- provide professional expertise on capital planning, design, construction, procurement, costing, project management and facility evaluation and preservation;
- provide accommodation and realty services to all government ministries, including space planning and leasing as well as the purchase and sale of property; and
- manage the Edmonton and Calgary Transportation and Utility Corridors, and the Swan Hills Treatment Centre.

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

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These financial statements are prepared primarily 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 (PSAB). The PSAB financial statements presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the ministries.

**(a) Reporting Entity**

The reporting entity is the Ministry of Infrastructure for which the Minister of Infrastructure 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.

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

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

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**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. Internal government transfers are recognized as revenue when received.

**Transfers from Government of Canada**

Transfers from Government of Canada are recognized as revenue 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. Transfers received before revenue recognition criteria have been met are included in accounts payable and accrued liabilities or unearned revenue.

**Credit or Recovery**

Credit or Recovery initiatives provide a basis for authorizing spending. Credit or Recoveries are shown 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 credit or recovery amounts exceed budget, the Ministry may, with the approval of the Treasury Board, use the excess to fund additional expenses on the program. Schedule 2 discloses information on the Ministry's credit or recovery 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 such as salaries, supplies, etc., directly incurred expenses include:

- amortization of tangible capital assets.
- pension costs, which are the cost of employer contributions 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, indemnities and site remediation.

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

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- government transfers which are transfers of money to an individual, an organization or another government for which the Ministry does not receive any goods or services directly in return. The major types of transfers and corresponding recognition criteria are as follows:
  - grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made;
  - entitlements, which are non-discretionary because the amounts and recipients are prescribed, are recognized when eligibility occurs;
  - transfers under shared cost agreements, which are reimbursements of eligible expenditures, are recognized when the expenditures occur.

Incurring by Others

Services contributed by other entities in support of the Ministry operations are not recognized and are disclosed in Schedule 7 and allocated to programs in Schedule 8.

**Assets**

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

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

Inventories are valued at lower of cost or replacement cost.

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 \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000. All land is capitalized.

Tangible capital assets of the Ministry include work in progress. These costs are capitalized but not amortized until the asset is in service.

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, 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 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 a sacrifice of economic benefits in the future.

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

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**Net Assets**

Net assets represents the difference between the carrying value of assets held by the Ministry 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, advances, accounts payable, accrued liabilities, and holdbacks are estimated to approximate their carrying values because of the short term nature of these instruments.

**Site Remediation and Reclamation Liabilities**

The Ministry has compiled a list of all potential sites and reviews the list at least annually.

Site remediation and reclamation liability is recorded when:

- the sites are no longer in operation and where remediation is legally enforceable.
- the sites are in operation and remediation will take place when the asset is retired.

**Measurement Uncertainty**

(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

**Natural Gas Rebates**

Accrued liabilities for Natural Gas Rebates recorded as \$1,769 (2009 - \$23,156).

This amount is calculated based on management's estimate of rebate claims for the period ended March 31, 2009 less claims paid prior to the year-end.

**Site Remediation and Reclamation**

Liabilities for Future Site Remediation and Reclamation recorded as \$40,701 (2009-\$45,237) in these financial statements are subject to measurement uncertainty.

The recorded amount is based on management's estimates and historical costs to remediate or reclaim sites as well as expected expenditures on future reclamation activity. Actual costs may vary from these estimates and the variances may be material.

MINISTRY OF INFRASTRUCTURE  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 3 GOVERNMENT RESTRUCTURING**

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(in thousands)

During the year, the Ministry restated the financial statements previously presented for the effects of changes resulting from program transfers to other departments of the government. The financial impact of these changes on net assets is explained further below.

**(a) Program Transfers**

Effective April 1, 2009 the Ministry of Infrastructure transferred budgetary responsibilities for funding the operations of a selected health care facility to the Ministry of Health and Wellness. The 2009 comparatives have been restated as if the Ministry had always been assigned with its current responsibilities. Expenses for 2008-09 were decreased by \$179 and the Net Financing Provided from General Revenues was decreased by \$179 resulting in no change in net assets at March 31, 2009.

Effective April 1, 2009 the Ministry of Infrastructure transferred budgetary responsibilities for funding eight FTEs to the following ministries, Agriculture and Rural Development, Children and Youth Services, Advanced Education and Technology, Environment, Health and Wellness, Energy, Employment and Immigration, and Finance and Enterprise. The 2009 comparatives have been restated as if the Ministry had always been assigned with its current responsibilities. Expenses for 2008-09 were decreased by \$585 and the Net Financing Provided from General Revenues was decreased by \$585 resulting in no change in net assets at March 31, 2009.

MINISTRY OF INFRASTRUCTURE  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 3 GOVERNMENT RESTRUCTURING (continued)**

(in thousands)

**(b) Discontinued Programs**

The government has ended the Natural Gas Rebate Program effective March 31, 2009. The program had no revenues and assets. At March 31, 2010 the accrued liability is estimated at \$1,769 to end the program and is expected to be completely paid out by the end of the 2010-11 fiscal year.

The Natural Gas Rebate Program provided a rebate to consumers when the price of natural gas exceeded pre-defined thresholds.

|                                     | <u>Budget</u> | <u>2010</u> | <u>2009</u> |
|-------------------------------------|---------------|-------------|-------------|
| Natural Gas Rebate Program Expenses | \$ -          | \$ -        | \$ 224,726  |

**NOTE 4 ACCOUNTS RECEIVABLE**

(in thousands)

|                            | <u>2010</u>     |                                    |                            | <u>2009</u>                |
|----------------------------|-----------------|------------------------------------|----------------------------|----------------------------|
|                            | Gross<br>Amount | Allowance for<br>Doubtful Accounts | Net<br>Realizable<br>Value | Net<br>Realizable<br>Value |
| Swan Hills Treatment Plant | \$ 4,196        | \$ -                               | \$ 4,196                   | \$ 3,064                   |
| Rental and Other           | 2,412           | 459                                | 1,953                      | 2,268                      |
| Cost Recoveries            | 1,796           | -                                  | 1,796                      | 330                        |
|                            | <u>\$ 8,404</u> | <u>\$ 459</u>                      | <u>\$ 7,945</u>            | <u>\$ 5,662</u>            |

Accounts receivable are unsecured and non-interest bearing.

**NOTE 5 ADVANCES**

(in thousands)

|                 | <u>2010</u>     |                                    |                            | <u>2009</u>                |
|-----------------|-----------------|------------------------------------|----------------------------|----------------------------|
|                 | Gross<br>Amount | Allowance for<br>Doubtful Accounts | Net<br>Realizable<br>Value | Net<br>Realizable<br>Value |
| Travel advances | \$ 1            | \$ -                               | \$ 1                       | \$ 4                       |
| Other advances  | 216             | -                                  | 216                        | 183                        |
|                 | <u>\$ 217</u>   | <u>\$ -</u>                        | <u>\$ 217</u>              | <u>\$ 187</u>              |

MINISTRY OF INFRASTRUCTURE  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 6 TANGIBLE CAPITAL ASSETS**

(in thousands)

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

|                                | Estimated Useful Life | 2010 Historical Cost <sup>(1)</sup> |                      |                                     |                     | Net Book Value      |                     |
|--------------------------------|-----------------------|-------------------------------------|----------------------|-------------------------------------|---------------------|---------------------|---------------------|
|                                |                       | Beginning of Year                   | Additions            | Disposals, adjustments, write-downs | End of Year         | March 31, 2010      | March 31, 2009      |
| Land                           | Indefinite            | \$ 701,611                          | \$ 30,709            | \$ (13,119)                         | \$ 719,201          | \$ 701,611          |                     |
| Land Improvements              | 40 years              | 9,708                               | 43                   | 1,335                               | 11,086              | 7,228               |                     |
| Buildings                      | 40 years              | 2,235,209                           | 237,302              | (8,954)                             | 2,463,557           | 1,223,620           |                     |
| Equipment                      | 5-40 years            | 19,436                              | 3,407                | 295                                 | 23,138              | 9,868               |                     |
| Computer hardware and software | 3-10 years            | 24,247                              | 2,554                | (2,367)                             | 24,434              | 10,156              |                     |
| Other (2)                      | 3-40 years            | 105,047                             | 26,855               | 16,303                              | 148,205             | 68,841              |                     |
|                                |                       | <u>\$ 3,095,258</u>                 | <u>\$ 300,870</u>    | <u>\$ (6,507)</u>                   | <u>\$ 3,389,621</u> |                     |                     |
| 2009 Total                     |                       | <u>\$ 2,891,292</u>                 | <u>\$ 225,983</u>    | <u>\$ (22,017)</u>                  | <u>\$ 3,095,258</u> |                     |                     |
|                                |                       | 2010 Accumulated Amortization       |                      |                                     |                     | Net Book Value      |                     |
|                                |                       | Beginning of Year                   | Amortization Expense | Effect of Disposals                 | End of Year         | March 31, 2010      | March 31, 2009      |
| Land                           |                       | \$ -                                | \$ -                 | \$ -                                | \$ -                | \$ 719,201          | \$ 701,611          |
| Land Improvements              |                       | 2,480                               | 506                  |                                     | 2,986               | 8,100               | 7,228               |
| Buildings                      |                       | 1,011,589                           | 51,290               | (37)                                | 1,062,842           | 1,400,715           | 1,223,620           |
| Equipment                      |                       | 9,568                               | 2,355                | -                                   | 11,923              | 11,215              | 9,868               |
| Computer hardware and software |                       | 14,091                              | 2,063                | -                                   | 16,154              | 8,280               | 10,156              |
| Other (2)                      |                       | 36,206                              | 20,400               | (1,319)                             | 55,287              | 92,918              | 68,841              |
|                                |                       | <u>\$ 1,073,934</u>                 | <u>\$ 76,614</u>     | <u>\$ (1,356)</u>                   | <u>\$ 1,149,192</u> | <u>\$ 2,240,429</u> | <u>\$ 2,021,324</u> |
| 2009 Total                     |                       | <u>\$ 1,018,496</u>                 | <u>\$ 65,287</u>     | <u>\$ (9,849)</u>                   | <u>\$ 1,073,934</u> |                     |                     |

- (1) Included in the cost of land improvements, buildings, equipment, computer hardware and software is work in progress amounting to \$ 392,346 (2009 - \$262,253).  
(2) Includes trailers and leasehold improvements.

MINISTRY OF INFRASTRUCTURE  
 NOTES TO THE FINANCIAL STATEMENTS

**NOTE 7 CONTRACTUAL OBLIGATIONS**

(in thousands)

As at March 31, 2010, the Ministry had the following contractual obligations:

|   | <u>2010</u>         | <u>2009</u>         |
|---|---------------------|---------------------|
| Capital Investment                            |                     |                     |
| Construction Contracts and Service Agreements | \$ 739,413          | \$ 702,788          |
| Expense                                       |                     |                     |
| Maintenance Contracts and Service Agreements  | 1,074,167           | 1,118,268           |
| Grants  | -                   | 379                 |
| Long-term Leases                              | <u>985,957</u>      | <u>717,084</u>      |
|   | <u>\$ 2,799,537</u> | <u>\$ 2,538,519</u> |

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

|            | Capital Investment                            | Expense                                      |             |                   | Grand Total         |
|------------|---|--|-------------|-------------------|---------------------|
|            | Construction Contracts and Service Agreements | Maintenance Contracts and Service Agreements | Grants      | Leases            |                     |
| 2011       | \$ 337,838                                    | \$ 136,041                                   | \$ -        | \$ 179,061        | \$ 652,940          |
| 2012       | 265,105                                       | 111,444                                      | -           | 154,616           | 531,165             |
| 2013       | 136,375                                       | 100,667                                      | -           | 132,989           | 370,031             |
| 2014       | 85  | 76,695                                       | -           | 110,319           | 187,099             |
| 2015       | 5   | 55,711                                       | -           | 86,434            | 142,150             |
| Thereafter | 5   | 593,609                                      | -           | 322,538           | 916,152             |
|            | <u>\$ 739,413</u>                             | <u>\$1,074,167</u>                           | <u>\$ -</u> | <u>\$ 985,957</u> | <u>\$ 2,799,537</u> |

MINISTRY OF INFRASTRUCTURE  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 8 SWAN HILLS TREATMENT CENTRE**

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On December 31, 2000, the buildings and equipment of the Swan Hills Treatment Centre were acquired by the Ministry for one dollar from a subsidiary of Bovar Inc.. The facility is operated by the Ministry through a contracted operator and results of operations are included in these financial statements.

In addition, certain lands relating to the Swan Hills Treatment Centre and the associated environmental obligations were transferred to the Ministry effective March 31, 2004.

As a result of an agreement between Ministers of Environment, Infrastructure, and Sustainable Resource Development, the land and responsibilities of the Swan Hills Waste Treatment Centre and related warehouse sites were transferred to the Ministry.

A study was done by an environmental consultant in October 2002 to determine the estimated cost of remediating and monitoring the Swan Hills Treatment Centre site in 2018. During the 2007-2008 fiscal year, an environmental consultant updated the estimate to \$62.14 million. The annual provision is \$4,148,000 based on the revised liability of \$62.14 million in 2018.

On July 11, 2009, a fire occurred at the Swan Hill Treatment Centre. The damage is estimated at \$5.8 million. The plant is expected to resume normal operations mid May 2010.

Insurance is expected to cover the majority of the repair work except for the insurance deductible of \$300,000 which is being absorbed by the Ministry. The insurance claim is not expected to be finalized until at least June 2010.

As a result of the fire the Ministry did not reach its revenue target of \$9.0 million. The plant generated \$1.8 million from operations for 2009/10 fiscal. The plant received \$5.2 million in insurance proceeds, for total revenue of \$7 million dollars.

In addition, the plant continued to receive PCB's and other materials for later destruction. This resulted in an increase in deferred revenues of \$ 6.6 million. This amount is expected to be brought into revenue in 2010/11 when the plant is operational and the contaminated materials are destroyed.

MINISTRY OF INFRASTRUCTURE  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 8 SWAN HILLS TREATMENT CENTRE (continued)**

(in thousands)

At March 31, 2010 the assets and liabilities of plant operations were as follows:

|  | <u>2010</u>      | <u>2009</u>      |
|--|------------------|------------------|
| Assets                                   |                  |                  |
| Accounts Receivable                      | \$ 4,196         | \$ 3,064         |
| Chemical and parts inventories           | 2,300            | 2,271            |
| Capital Assets                           | <u>14,499</u>    | <u>14,071</u>    |
|  | <u>\$ 20,995</u> | <u>\$ 19,406</u> |
| Liabilities                              |                  |                  |
| Accounts Payable and Accrued Liabilities | \$ 5,044         | \$ 4,526         |
| Deferred Revenue                         | <u>8,259</u>     | <u>1,663</u>     |
|  | <u>\$ 13,303</u> | <u>\$ 6,189</u>  |

Net operating results from plant operations for the years ended March 31 were as follows:

|  | <u>2010</u>        | <u>2009</u>        |
|--|--------------------|--------------------|
| Revenue  |                    |                    |
| Operating revenue  | \$ 1,889           | \$ 11,414          |
| Insurance recoveries                                       | <u>5,159</u>       | <u>-</u>           |
|  | <u>7,048</u>       | <u>11,414</u>      |
| Expenses   |                    |                    |
| Plant operating expenses before inventory transactions (1) | 21,924             | 29,049             |
| Fire damage repairs  | 5,846              | -                  |
| Consumption of consumable and repair part inventories      | 1,074              | 1,556              |
| Amortization (2)   | <u>3,092</u>       | <u>2,552</u>       |
|  | <u>31,936</u>      | <u>33,157</u>      |
| Net operating results from plant operations                | <u>\$ (24,888)</u> | <u>\$ (21,743)</u> |
| Purchase of consumable and repair part inventories         | <u>\$ 1,103</u>    | <u>\$ 1,995</u>    |
| Capital investment in plant and equipment                  | <u>\$ 3,383</u>    | <u>\$ 3,571</u>    |

(1) The amount reported on Schedule 5 includes expenses for environmental and financial assessments of \$ 165 (2009 - \$138). Plant costs include a provision of \$4,148 for site reclamation and environmental monitoring.

(2) Included in Financial Transactions on Schedule 5.

MINISTRY OF INFRASTRUCTURE  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 9 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.

As at March 31, 2010, trust funds under the Ministry's administration were as follows:

|                                 | <u>2010</u>     | <u>2009</u>     |
|---------------------------------|-----------------|-----------------|
| The General Trust Fund          | \$ 1,309        | \$ 975          |
| The Security Deposit Trust Fund | 161             | 166             |
|                                 | <u>\$ 1,470</u> | <u>\$ 1,141</u> |

The General Trust Fund holds interest bearing securities posted by contractors.

The Security Deposit Trust Fund holds deposits from tenants for rented property.

**NOTE 10 CONTINGENT LIABILITIES**

(in thousands)

At March 31, 2010 the Ministry is a defendant in thirty-two legal/other claims (2009 - thirty nine claims). Twenty-three of these claims have specified amounts totaling \$ 388,265 and the remaining nine have no specified amounts (2009 - twenty-four claims with a specified amount of \$374,592 and fifteen with no specified amount). Eight claims amounting to \$ 2,097 (2009 - eight claims amounting to \$6,545) are covered by the Alberta Risk Management Fund.

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

MINISTRY OF INFRASTRUCTURE  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 11 DEFINED BENEFIT PLANS**

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(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 \$5,939 for the year ended March 31, 2010 (2009 - \$5,340).

At December 31, 2009, the Management Employees Pension Plan reported a deficiency of \$ 483,199 (2008 - \$568,574) and the Public Service Pension Plan reported a deficiency of \$ 1,729,196 (2008 - \$1,187,538). At December 31, 2009, the Supplementary Retirement Plan for Public Service Managers had a deficiency of \$ 39,516 (2008 - deficiency \$7,111).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2010, the Bargaining Unit Plan reported an actuarial deficiency of \$ 8,335 (2009 - deficiency \$33,540) and the Management, Opted Out and Excluded Plan an actuarial surplus of \$7,431 (2009 - deficiency \$1,051). The expense for these two plans is limited to employer's annual contributions for the year.

**NOTE 12 COMPARATIVE FIGURES**

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Certain 2009 figures have been reclassified to conform to the 2010 presentation.

**NOTE 13 APPROVAL OF FINANCIAL STATEMENTS**

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

MINISTRY OF INFRASTRUCTURE  
SCHEDULES TO FINANCIAL STATEMENTS  
REVENUES  
Year ended March 31

Schedule 1

|   | (in thousands)   |                  |                  |
|---|------------------|------------------|------------------|
|   | 2010             |                  | 2009             |
|   | Budget           | Actual           | Actual           |
| Transfers from the Government of Canada |                  |                  |                  |
| Cost Recoveries and Contributions       | \$ 15,000        | \$ -             | \$ -             |
| Parking and Other Fees                  |                  |                  |                  |
| Civil Service Parking                   | 2,700            | 3,047            | 3,353            |
|   | <u>2,700</u>     | <u>3,047</u>     | <u>3,353</u>     |
| Other Revenue                           |                  |                  |                  |
| Refunds of Expenditure                  | 1,400            | 2,008            | 7,266            |
| Lethbridge Railway Relocation Project   | 225              | 543              | 367              |
| Swan Hills Treatment Centre             | 9,000            | 1,889            | 11,414           |
| Rentals (Land and Buildings)            | 10,555           | 15,090           | 15,802           |
| Cost Recoveries                         | -                | 5,192            | 386              |
| Donated Tangible Capital Asset          | -                | -                | 585              |
| Miscellaneous                           | 140              | 133              | 1,251            |
|   | <u>21,320</u>    | <u>24,855</u>    | <u>37,071</u>    |
|   | <u>\$ 39,020</u> | <u>\$ 27,902</u> | <u>\$ 40,424</u> |

MINISTRY OF INFRASTRUCTURE  
 SCHEDULE TO FINANCIAL STATEMENTS  
 CREDIT OR RECOVERY  
 Year ended March 31  
 (in thousands)

Schedule 2

|                                     | 2010                                |                                 |                                  |
|-------------------------------------|-------------------------------------|---------------------------------|----------------------------------|
|                                     | Authorized<br>Dedicated<br>Revenues | Actual<br>Dedicated<br>Revenues | (Shortfall)/<br>Excess           |
| <b>Expense</b>                      |                                     |                                 |                                  |
| Property Rentals (Land & Buildings) | \$ 13,170                           | \$ 15,089                       | \$ 1,919                         |
| Swan Hills Treatment Centre         | <u>9,000</u>                        | <u>1,889</u>                    | <u>(7,111)</u>                   |
|                                     | <u>\$ 22,170</u>                    | <u>\$ 16,978</u>                | <u>\$ (5,192)</u> <sup>(1)</sup> |

(1) Shortfall is deducted from current year's authorized budget, as disclosed in Schedules 4 and 5 to the financial statements.

**Property Rentals**

Rent is charged to agencies of government and other entities which occupy space in government operated buildings or which utilize land owned by government.

**Swan Hills Treatment Centre**

The private sector is charged for the disposal of hazardous waste.

The above dedicated revenues are included in the Statements of Operations.

MINISTRY OF INFRASTRUCTURE  
 SCHEDULES TO FINANCIAL STATEMENTS  
 EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT  
 Year ended March 31

Schedule 3

(in thousands)

|   | 2010              |                   | 2009               |
|---|-------------------|-------------------|--------------------|
|   | Budget            | Actual            | Actual<br>(Note 3) |
| <u>Voted:</u>   |                   |                   |                    |
| Salaries, Wages and Employee Benefits                                   | \$ 71,116         | \$ 67,553         | \$ 64,598          |
| Supplies and Services   | 386,434           | 374,615           | 402,844            |
| Grants  | 40,000            | 792               | 240,123            |
| Financial Transactions and Other  | 65                | 105               | 101                |
| Amortization of Tangible Capital Assets<br>and Consumption of Inventory | 77,491            | 77,688            | 66,843             |
| Total Voted Expenses  | <u>\$ 575,106</u> | <u>\$ 520,753</u> | <u>\$ 774,509</u>  |

Statutory:

|  |             |                   |                 |
|--|-------------|-------------------|-----------------|
| Valuation Adjustments                                    |             |                   |                 |
| Provision for Doubtful Accounts                          | \$ -        | \$ (297)          | \$ 356          |
| Provision for Vacation Pay                               | -           | 142               | 657             |
| Provision for Future Site Remediation<br>and Reclamation | -           | (6,305)           | 775             |
|  | <u>\$ -</u> | <u>\$ (6,460)</u> | <u>\$ 1,788</u> |

MINISTRY OF INFRASTRUCTURE  
SCHEDULE TO FINANCIAL STATEMENTS  
BUDGET  
Year ended March 31  
(in thousands)

Schedule 4

|   | 2009-2010           |                  |                     |                          |                     |
|---|---------------------|------------------|---------------------|--------------------------|---------------------|
|   | Estimates           | Adjustment (a)   | Budget              | Authorized Supplementary | Authorized Budget   |
| <b>Revenues</b>                           |                     |                  |                     |                          |                     |
| Transfers from the Government of Canada   | \$ 15,000           | \$ -             | \$ 15,000           | \$ -                     | \$ 15,000           |
| Fees, Permits and Licenses                | 2,700               | -                | 2,700               | -                        | 2,700               |
| Other Revenue                             | 21,320              | 2,615            | 23,935              | -                        | 23,935              |
|   | <u>39,020</u>       | <u>2,615</u>     | <u>41,635</u>       | <u>-</u>                 | <u>41,635</u>       |
| <b>Expenses - Directly Incurred</b>       |                     |                  |                     |                          |                     |
| <b>Voted Expenses</b>                     |                     |                  |                     |                          |                     |
| Ministry Support Services                 | 13,608              | -                | 13,608              | -                        | 13,608              |
| Government Operations                     | 409,481             | 2,615            | 412,096             | -                        | 412,096             |
| Other Programs and Services               | 64,526              | (8,882)          | 55,644              | -                        | 55,644              |
| Non-Cash Items                            | 87,491              | -                | 87,491              | -                        | 87,491              |
| Credit or Recovery Shortfall (Schedule 2) | -                   | (5,192)          | (5,192)             | -                        | (5,192)             |
|   | <u>575,106</u>      | <u>(11,459)</u>  | <u>563,647</u>      | <u>-</u>                 | <u>563,647</u>      |
| <b>Statutory Expenses</b>                 |                     |                  |                     |                          |                     |
| Valuation Adjustments                     | -                   | -                | -                   | -                        | -                   |
|   | <u>575,106</u>      | <u>(11,459)</u>  | <u>563,647</u>      | <u>-</u>                 | <u>563,647</u>      |
| <b>Net Operating Results</b>              | <u>\$ (536,086)</u> | <u>\$ 14,074</u> | <u>\$ (522,012)</u> | <u>\$ -</u>              | <u>\$ (522,012)</u> |
| <b>Equipment/Inventory Purchases</b>      | <u>\$ 10,089</u>    | <u>\$ -</u>      | <u>\$ 10,089</u>    | <u>\$ -</u>              | <u>\$ 10,089</u>    |
| <b>Capital Investment</b>                 | <u>\$ 588,929</u>   | <u>\$ 75,969</u> | <u>\$ 664,898</u>   | <u>\$ -</u>              | <u>\$ 664,898</u>   |

(a) Adjustments include encumbrances, credit or recovery increases approved by Treasury Board and credit or recovery shortfalls. In the event that actual voted Expense, Equipment/Inventory Purchases and Capital Investment in the prior year exceed the authorized budget, the difference is known as an encumbrance. The encumbrance reduces the budgeted amount voted in the current year. Treasury Board approval is pursuant to section 24(2) of the Financial Administration Act.

|   |                     |                    | 2009-2010           |                   | Authorized<br>Budget | Actual<br>Expense (c) | Unexpended<br>(Over Expended) |
|---|---------------------|--------------------|---------------------|-------------------|----------------------|-----------------------|-------------------------------|
|   | Estimates           | Adjustments<br>(a) | Budget              | Supplementary (b) |                      |                       |                               |
| <b>Voted Expense, Debt Servicing Costs, EIP and Capital Investments</b> |                     |                    |                     |                   |                      |                       |                               |
| <b>1 Ministry Support Services</b>                                      |                     |                    |                     |                   |                      |                       |                               |
| 1.0.1 Minister's Office   | \$ 543              | \$ -               | \$ 543              | \$ -              | \$ 543               | \$ 532                | \$ 11                         |
| 1.0.2 Deputy Minister's Office  | 626                 | -                  | 626                 | -                 | 626                  | 616                   | 10                            |
| 1.0.3 Communications  | 480                 | -                  | 480                 | -                 | 480                  | 406                   | 74                            |
| 1.0.4 Strategic Services  |                     |                    |                     |                   |                      |                       |                               |
| - Expense   | 11,959              | -                  | 11,959              | -                 | 11,959               | 11,601                | 358                           |
| - Equipment/Inventory Purchases   | 4,161               | -                  | 4,161               | -                 | 4,161                | 2,123                 | 2,038                         |
| <b>Total Program 1</b>  | <b>17,769</b>       | <b>-</b>           | <b>17,769</b>       | <b>-</b>          | <b>17,769</b>        | <b>15,278</b>         | <b>2,491</b>                  |
| <b>2 Government Operations</b>  |                     |                    |                     |                   |                      |                       |                               |
| 2.0.1 Property Operations   |                     |                    |                     |                   |                      |                       |                               |
| - Expense   | 185,058             | 2,615              | 187,673             | -                 | 187,673              | 181,360               | 6,313                         |
| - Equipment/Inventory Purchases   | -                   | -                  | -                   | -                 | -                    | 29                    | (29)                          |
| 2.0.2 Leases  |                     |                    |                     |                   |                      |                       |                               |
| - Expense   | 160,293             | -                  | 160,293             | -                 | 160,293              | 161,049               | (756)                         |
| 2.0.3 Capital and Accommodation Projects                                |                     |                    |                     |                   |                      |                       |                               |
| - Expense   | 27,110              | -                  | 27,110              | -                 | 27,110               | 10,041                | 17,069                        |
| - Equipment/Inventory Purchases   | -                   | -                  | -                   | -                 | -                    | 23,290                | (23,290)                      |
| - Capital Investment  | 535,229             | 58,231             | 593,460             | -                 | 593,460              | 216,560               | 376,900                       |
| 2.0.4 Government Owned Facilities Preservation                          |                     |                    |                     |                   |                      |                       |                               |
| - Expense   | 9,675               | -                  | 9,675               | -                 | 9,675                | 8,597                 | 1,078                         |
| - Capital Investment  | 7,400               | -                  | 7,400               | -                 | 7,400                | 12,337                | (4,937)                       |
| 2.0.5 Land Services   |                     |                    |                     |                   |                      |                       |                               |
| - Expense   | 1,220               | -                  | 1,220               | -                 | 1,220                | 865                   | 355                           |
| - Capital Investment  | 46,300              | 12,309             | 58,609              | -                 | 58,609               | 30,709                | 27,900                        |
| 2.0.6 Swan Hills Treatment Centre                                       |                     |                    |                     |                   |                      |                       |                               |
| - Expense   | 26,125              | -                  | 26,125              | -                 | 26,125               | 27,935                | (1,810)                       |
| - Equipment/Inventory Purchases   | 5,928               | -                  | 5,928               | -                 | 5,928                | 4,486                 | 1,442                         |
| <b>Total Program 2</b>  | <b>1,004,338</b>    | <b>73,155</b>      | <b>1,077,493</b>    | <b>-</b>          | <b>1,077,493</b>     | <b>677,258</b>        | <b>400,235</b>                |
| <b>3 Other Programs And Services</b>                                    |                     |                    |                     |                   |                      |                       |                               |
| 3.0.1 Natural Gas Rebates   | -                   | -                  | -                   | -                 | -                    | -                     | -                             |
| 3.0.2 Capital for Emergent Projects                                     |                     |                    |                     |                   |                      |                       |                               |
| - Expense   | 30,000              | (9,882)            | 20,118              | -                 | 20,118               | 3,535                 | 16,583                        |
| - Capital Investment  | -                   | 5,429              | 5,429               | -                 | 5,429                | 12,008                | (6,579)                       |
| 3.0.3 Program Services  |                     |                    |                     |                   |                      |                       |                               |
| - Expense   | 34,526              | 1,000              | 35,526              | -                 | 35,526               | 36,149                | (623)                         |
| - Equipment/Inventory Purchases   | -                   | -                  | -                   | -                 | -                    | 431                   | (431)                         |
| <b>Total Program 3</b>  | <b>64,526</b>       | <b>(3,453)</b>     | <b>61,073</b>       | <b>-</b>          | <b>61,073</b>        | <b>52,123</b>         | <b>8,950</b>                  |
| <b>4 Non-Cash Items</b>   |                     |                    |                     |                   |                      |                       |                               |
| 4.0.1 Amortization of Capital Assets                                    | 75,491              | -                  | 75,491              | -                 | 75,491               | 76,614                | (1,123)                       |
| 4.0.2 Consumption of Inventories  | 2,000               | -                  | 2,000               | -                 | 2,000                | 1,074                 | 926                           |
| 4.0.3 Nominal Sum Disposals   | 10,000              | -                  | 10,000              | -                 | 10,000               | 379                   | 9,621                         |
| <b>Total Program 4</b>  | <b>87,491</b>       | <b>-</b>           | <b>87,491</b>       | <b>-</b>          | <b>87,491</b>        | <b>78,067</b>         | <b>9,424</b>                  |
| Dedicated Revenue Shortfall (Schedule 2)                                | -                   | (5,192)            | (5,192)             | -                 | (5,192)              | -                     | (5,192)                       |
| <b>Grand Total</b>  | <b>\$ 1,174,124</b> | <b>\$ 64,510</b>   | <b>\$ 1,238,634</b> | <b>\$ -</b>       | <b>\$ 1,238,634</b>  | <b>\$ 822,726</b>     | <b>\$ 415,908</b>             |
| Expense   | \$ 575,106          | \$ (11,459)        | \$ 563,647          | \$ -              | \$ 563,647           | \$ 520,753            | \$ 42,894                     |
| Equipment/Inventory Purchases   | 10,089              | -                  | 10,089              | -                 | 10,089               | 30,359                | (20,270)                      |
|   | 585,195             | (11,459)           | 573,736             | -                 | 573,736              | 551,112               | 22,624                        |
| Capital Investment  | 588,929             | 75,969             | 664,898             | -                 | 664,898              | 271,614               | 393,284                       |
|   | \$ 1,174,124        | \$ 64,510          | \$ 1,238,634        | \$ -              | \$ 1,238,634         | \$ 822,726            | \$ 415,908                    |
| <b>Statutory Expense</b>  |                     |                    |                     |                   |                      |                       |                               |
| Valuation Adjustments   |                     |                    |                     |                   |                      |                       |                               |
| Provision for Doubtful Accounts   | \$ -                | \$ -               | \$ -                | \$ -              | \$ -                 | \$ (297)              | \$ 297                        |
| Provision for Vacation Pay  | -                   | -                  | -                   | -                 | -                    | 142                   | (142)                         |
| Provision for Future Site Remediation and Reclamation                   | -                   | -                  | -                   | -                 | -                    | (6,305)               | 6,305                         |
|   | \$ -                | \$ -               | \$ -                | \$ -              | \$ -                 | \$ (6,460)            | \$ 6,460                      |

(a) Adjustments include encumbrances, credit or recovery increases approved by Treasury Board and credit or recovery shortfalls. In the event that actual voted Expense, Equipment/Inventory Purchases (EIP) and Capital Investment in the prior year exceeded the authorized budget, the difference is known as an encumbrance. The encumbrance reduces the budgeted amount for Voted Expense, EIP and Capital Investment in the current year. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act*.

MINISTRY OF INFRASTRUCTURE  
SCHEDULES TO FINANCIAL STATEMENTS  
SALARY AND BENEFITS DISCLOSURE  
Year ended March 31

Schedule 6

|   | 2010               |                               |                                   | 2009       |            |
|---|--------------------|-------------------------------|-----------------------------------|------------|------------|
|   | Base<br>Salary (1) | Other<br>Cash<br>Benefits (2) | Other<br>Non-cash<br>Benefits (3) | Total      | Total      |
| Deputy Minister <sup>(4)</sup>  | \$ 264,069         | \$ -                          | \$ 63,177                         | \$ 327,246 | \$ 375,956 |
| Current Executives  |                    |                               |                                   |            |            |
| Assistant Deputy Minister,<br>Properties                                      | 185,117            | -                             | 9,006                             | 194,123    | 215,684    |
| Assistant Deputy Minister,<br>Capital Projects                                | 171,954            | -                             | 41,878                            | 213,832    | 214,418    |
| Assistant Deputy Minister,<br>Policy and Corporate<br>Services <sup>(5)</sup> | 171,259            | -                             | 40,998                            | 212,257    | 215,543    |
| Executive Director,<br>Finance <sup>(6)</sup>                                 | 142,182            | -                             | 34,815                            | 176,997    | 204,552    |
| Executive Director,<br>Human Resources <sup>(7)</sup>                         | 151,545            | -                             | 36,808                            | 188,353    | 203,096    |

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

Total salary and benefits related to a position are disclosed.

- (1) Base salary includes pensionable base pay.
- (2) Other cash benefits include vacation payouts, overtime and lump sum payments. There were no bonuses paid in 2010.
- (3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life, insurance, short and long term disability plans, professional memberships and tuition fees.
- (4) Automobile provided, no dollar amount included in non-cash benefits figures.
- (5) The incumbent's services are shared with the Ministry of Transportation which contributes its own share of the cost of salary and benefits. Full salary and benefits are disclosed in this Schedule.
- (6) The incumbent's services are shared with the Ministry of Transportation from April, 2009 to June, 2009 which contributes its own share of the cost of salary and benefits. Full salary and benefits are disclosed in this schedule.
- (7) The incumbent's services are shared with the Ministry of Transportation which contributes its own share of the cost of salary and benefits. Full salary and benefits are disclosed in this Schedule.

MINISTRY OF INFRASTRUCTURE  
SCHEDULES TO FINANCIAL STATEMENTS  
RELATED PARTY TRANSACTIONS  
Year ended March 31  
(in thousands)

Schedule 7

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 Ministry.

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 Statements of Operations and the Statements of Financial Position at the amount of consideration agreed upon between the related parties:

|  | Other Entities   |                  |
|--|------------------|------------------|
|  | 2010             | 2009             |
|  |                  | (Note 3)         |
| Revenues   |                  |                  |
| Parking/Rental   | \$ 2,994         | \$ 3,461         |
| SUCH Sector Entities   | 1,086            | 852              |
| Swan Hills Treatment Centre                                  | 480              | 480              |
|  | <u>\$ 4,560</u>  | <u>\$ 4,793</u>  |
| Expenses - Directly Incurred                                 |                  |                  |
| Business and Technology Services                             | \$ 956           | \$ 1,811         |
| SUCH Sector Entities   | 7,130            | 5,238            |
| Insurance  | 2,160            | 1,945            |
|  | <u>\$ 10,246</u> | <u>\$ 8,994</u>  |
| Tangible Capital Assets Transferred In (Out)                 | <u>\$ 4,542</u>  | <u>\$ 1,562</u>  |
| Accounts Receivable from SUCH <sup>(1)</sup> Sector Entities | <u>\$ 300</u>    | <u>\$ 298</u>    |
| Accounts Payable to SUCH <sup>(1)</sup> Sector Entities      | <u>\$ 878</u>    | <u>\$ 1,023</u>  |
| Nominal Sum Disposals to SUCH <sup>(1)</sup> Sector Entities | <u>\$ -</u>      | <u>\$ 22,584</u> |
| Proceeds on sale of net Tangible Capital Assets              |                  |                  |
| Sold to SUCH Sector Entities                                 | <u>\$ -</u>      | <u>\$ -</u>      |
| Accounts Receivable  | <u>\$ 40</u>     | <u>\$ 406</u>    |

(1) SUCH - Schools, Universities, Colleges and Hospitals

MINISTRY OF INFRASTRUCTURE  
 SCHEDULES TO FINANCIAL STATEMENTS  
 RELATED PARTY TRANSACTIONS  
 Year ended March 31  
 (in thousands)

Schedule 7  
 continued

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These expense amounts are not recorded in the financial statements but are disclosed in Schedule 8.

|  | Other Entities    |                   |
|--|-------------------|-------------------|
|  | 2010              | 2009              |
|  | <u>          </u> | <u>          </u> |
| Revenue                                    |                   |                   |
| Accommodation                              | \$ 398,218        | \$ 344,891        |
|  | <u>          </u> | <u>          </u> |
| Expenses - Incurred by Others (Schedule 8) |                   |                   |
| Accommodation                              | \$ 2,322          | \$ 2,479          |
| Air Transportation/Executive Vehicles      | 111               | 196               |
| Business Services                          | 4,140             | 4,153             |
| Internal Audit                             | -                 | 30                |
| Legal                                      | 520               | 1,077             |
|  | <u>          </u> | <u>          </u> |
|  | <u>\$ 7,093</u>   | <u>\$ 7,935</u>   |

MINISTRY OF INFRASTRUCTURE  
SCHEDULES TO FINANCIAL STATEMENTS  
ALLOCATED COSTS  
Year ended March 31  
(in thousands)

Schedule 8

| Program                        | 2010              |                                 |                             |                          |                           |                      |                   | 2009              |                   |
|--------------------------------|-------------------|---------------------------------|-----------------------------|--------------------------|---------------------------|----------------------|-------------------|-------------------|-------------------|
|                                | Expenses (1)      | Expenses - Incurred by Others   |                             |                          | Valuation Adjustments (5) |                      |                   | Expenses          | Expenses          |
|                                |                   | Accommo-<br>dation<br>Costs (2) | Business<br>Services<br>(3) | Legal<br>Services<br>(4) | Vacation<br>Pay           | Doubtful<br>Accounts | Others            |                   |                   |
| Ministry Support Services      | \$ 13,155         | \$ 270                          | \$ 4,251                    | \$ 160                   | \$ 11                     | \$ -                 | \$ -              | \$ 17,847         | \$ 16,970         |
| Government Operations          | 389,847           | 1,009                           | -                           | 159                      | (41)                      | (297)                | (6,305)           | 384,372           | 412,348           |
| Other Programs and<br>Services | 39,684            | 1,043                           | -                           | 201                      | 172                       | -                    | -                 | 41,100            | 265,487           |
| Non-Cash Items                 | 78,067            | -                               | -                           | -                        | -                         | -                    | -                 | 78,067            | 89,427            |
|                                | <u>\$ 520,753</u> | <u>\$ 2,322</u>                 | <u>\$ 4,251</u>             | <u>\$ 520</u>            | <u>\$ 142</u>             | <u>\$ (297)</u>      | <u>\$ (6,305)</u> | <u>\$ 521,386</u> | <u>\$ 784,232</u> |

- (1) Expenses - Directly Incurred as per Statements of Operations, excluding valuation adjustments
- (2) Cost shown for Accommodation (includes grants in lieu of taxes) on Schedule 7, allocated by number of employees in program.
- (3) Costs shown for Business Services include charges for financial and information technology support, vehicles and air transportation.
- (4) Cost shown for Legal Services on Schedule 7, allocated by estimated costs incurred by each program.
- (5) Valuation Adjustments as per Statements of Operations. Employee Benefits and Doubtful Accounts and Others provision included in Valuation Adjustments were allocated as follows:
  - Vacation Pay - allocated to the program by employee,
  - Doubtful Accounts Provision - estimated allocation to program.